

Rest Submission – Curbing Lead Generation Activity – May 2026

Rest welcomes the opportunity to provide feedback and comments on options to curb high-pressure sales practices associated with cold calling and lead generation activities.

Rest is one of Australia’s largest superannuation funds, with around two million members – or around one-in-seven working Australians – and around \$105 billion in assets under managementⁱ. We represent around one million members under the age of 30, who are decades from retirement. Many of our members work in part-time or casual jobs, which can make it harder to build super consistently over their working lives. We put our members needs at the centre of everything we do, and we are deeply committed to maximising the retirement outcomes of our members.

Executive Summary

The collapse of Shield and First Guardian resulted in losses to almost 12,000 Australians, of around \$1.2 billion.ⁱⁱ There were several factors that appear to have contributed to these losses, including lead generation activity, limitations in the regulatory framework for managed investment schemes, deficiencies in the exercise of due diligence over investments on platforms, and inappropriate advice provided to working Australians who had worked over many years to build their retirement savings. These losses show that current consumer protections have not kept pace with the development of new commercial models.

The appalling harm experienced by superannuation fund members drew attention to the high-pressure sales tactics, social media advertisements used as part of lead generation models and cold-calling operations that allegedly contributed to these financial losses. While these practices did not operate in isolation, they formed an important part of the broader environment in which ordinary Australians were advised to invest in products that were, at the least high-risk, and at worst on the verge of collapse.

We are strongly supportive of reasonable frameworks, regulation and oversight which governs activities that may result in consumer harm, while ensuring that legitimate advertising, education and communications can continue, as these activities can be significantly helpful in prompting engagement and informed decisions about superannuation.

The Australian financial services system assumes that reasonable consumer protections should apply to financial advice, the purchase of financial services and products, and other engagement with the financial system. Building on this fundamental principle, as well as the principles of regulatory obligations like Design and Distribution Obligations, we believe it is appropriate that any licensee using providers to source new client referrals have certain accountabilities for their activities, which can be managed through agreements.

We believe licensing would provide opportunity for regulation and oversight of lead generation activity, and therefore introduce a reasonable consumer protection measure, however the definition of ‘lead generator’ should be limited to arrangements that involve payments or other financial gain for referrals.

It is important that legitimate communication, education and information, which play an important role in the superannuation system and operate in support of good member outcomes, continue to be available. We support the consideration of a ban on unlicensed advertising, and additional ASIC powers to issue stop orders for advertising associated with potential harm or misconduct.

Importantly, the development of reforms related to lead generation activity should not impede the further progress of the Delivering Better Financial Outcomes (DBFO) financial advice reforms, which are important to the continued improvement in accessibility and affordability of financial advice.

Further comments on the specific recommendations in the consultation paper are outlined below.

Comments on the reform options

Reform 1: Enhance accountability for the conduct of lead generation activities

Licensing of lead generators provides an effective framework for regulator vetting of lead generators, as well as monitoring of activity and conduct, and we therefore support Option 1a in principle. Care will need to be exercised such that the reform is appropriately targeted at harmful lead generation and does not impose unnecessary regulatory burden on legitimate activity which is demonstrated through Registrable Superannuation Entity (RSE) accountabilities to be in members best interests. Such activity could include, for example, superannuation education that is factual and does not involve a product recommendation, or publication of an article about a change in superannuation legislation designed to support member understanding. An overly broad formulation may create uncertainty for RSEs in undertaking ordinary member engagement activities that are consistent with their existing obligations and that may contribute to better member understanding and outcomes.

We therefore recommend a narrower definition of 'lead generator' in Option 1a which focuses on the activity of passing on prospective client information, referring on for financial advice or another financial service, **and** incorporates a commercial arrangement.

This approach supports improving consumer protections for people who may be vulnerable to predatory behaviours without placing barriers on legitimate communications, information and education. We recommend that Treasury engage in further consultation with stakeholders in developing a definition of 'lead generation activity' and 'lead generators' to ensure an approach that supports the best outcomes for super fund members.

An approach to Option 1b, regarding possible banning unlicensed communication to consumers about superannuation, should be with the same considerations, namely that a ban should only apply where the communication may be undertaken for the purpose of driving referrals or influencing consumer switching behaviour by an unlicensed provider. We therefore recommend that this option be approached with caution and consider clear carve-outs for communication and education that is not connected to lead generation activity.

Rest strongly supports Option 1c to enhance the accountability of licensees over the conduct of lead generators they engage, in conjunction with reforms proposed as Option 1a and 1b. Licensees receiving the referral and contact details in a defined lead generation activity from a provider should

be subject to a clear obligation to take reasonable steps to ensure those leads have been sourced in compliance with the applicable legal requirements. This should include appropriate due diligence, ongoing monitoring and commercial arrangements that establish expectations about process and conduct and provide recourse in the event that these expectations are not met. Further, there should be regulation prescribing minimum conditions that should apply to agreements between licensees and lead generators, and consequences for licensees that do not adequately manage these conditions.

Rest does not support the proposal Option 1d to extend the application of design and distribution obligations (DDO) to lead generation activity. The primary concern is that DDO applies to RSE licensees, as product issuers, in regard to the distribution of its financial products. In an environment of external financial advisers and networked referral services, RSEs have very limited, if any, visibility of, or practical ability to control, any third-party arrangements that may exist. The role of RSEs to design appropriate products for the membership, identified through the Target Market Determination (TMD), and ensure that membership is aligned to that profile through regular review and correction is appropriate, but a product issuer cannot be accountable for the behaviour of a lead generator who only has a relationship with the adviser who recommends the product. In our view, extending DDO in this way risks imposing obligations on product issuers in respect of conduct that may not be undertaken on their behalf, may not relate to a specific product, and may sit outside the product distribution chain that DDO was designed to regulate.

Summary of feedback on Reform 1 options

Proposal	Rest feedback
Option 1a	Support in principle – to the extent that the reform is appropriately targeted at harmful lead generation and does not impose unnecessary regulatory burden on legitimate activity in members’ best interests.
Option 1b	Support in principle – to the extent that a ban applies where the communication is for the purpose of driving referrals or influencing consumer switching behaviour by an unlicensed provider and includes clear carve-outs for communication and education that is not connected to lead generation activity.
Option 1c	Strongly support – licensees should be subject to a clear obligation to take reasonable steps to ensure leads have been sourced in compliance with the applicable legal requirements.
Option 1d	Do not support – due to limited visibility or control of third party networks and arrangements.

Reform 2: Extend anti-hawking requirements

Similarly to the proposals in Reform 1 above, Rest supports measures that prevent commercially driven, unsolicited contact, in particular regarding consumer contact focused on super fund switching, and especially where such contact is initiated by lead generators who financially gain regardless of members’ outcomes.

We support the intent of Option 2a in principle; however, we caution against a broad-based ban on non-consumer initiated real-time contact that does not adequately consider the legitimate functions performed by RSEs and other licensees. In the development of such a ban, careful consideration must be given to its scope and applicability to ensure that legitimate activities are not inadvertently banned or discouraged, and that, where appropriate, clear exceptions or safe harbour are provided for legitimate communications such as:

- Trustee-initiated retirement communications, including that undertaken consistently with an RSE’s obligation under the Retirement Income Covenant;
- Information and communications from employers and related parties about superannuation contributions and employer obligations; and
- Appropriate outreach to clients from licensed advisers and financial counsellors acting within the scope of their role.

In addition, we have concerns about the regulatory burden that may come with managing enhanced consent requirements for legitimate contact, particularly where those requirements may not address the causes of recent misconduct.

We therefore believe that Option 2b, that limits the general exemption for financial advice to only directly contacting existing clients, offers reasonable protection to consumers without directly impacting contact by RSEs in regards to legitimate communications, and would therefore be a preferred approach.

This recommendation is subject to the continuation of existing exceptions and caveats from the anti-hawking measures that are provided in Corporations Act s992A and ASIC Regulatory Guide 38, for example, an employer selecting a default fund for their employees and a superannuation trustee providing information to a member who is approaching retirement.

Summary of feedback on Reform 2 options

Proposal	Rest feedback
Option 2a	Support in principle – however should not extend to a broad-based ban on non-consumer initiated real-time contact that are functions performed by RSEs and other licensees in the legitimate exercise of obligations (including the Retirement Income Covenant) or appropriate client outreach.
Option 2b	Support – limiting non-consumer initiated direct contact to advisers only contacting existing clients provides appropriate consumer protection without limiting the legitimate and required activities of RSEs.

Reform 3: Target remuneration structures that may incentivise poor conduct

Rest has strong concerns about the consumer impacts of remuneration structures that are used in relation to lead generation activity. We believe that some practices that have developed as a result of these activities clearly do not support members best interests, and that the Shield and First Guardian examples demonstrate the potential consumer harm that can result due to conflicts that

exist in some of these structures. These harms may arise where the payments or benefits that are provided to lead generators or referral services are capable of influencing conduct, decisions, or recommendations in a way that prioritises interests of the lead generators or advisers over the interest of members.

We believe that both Option 3a and Option 3b could offer protections to consumers to prevent or limit these harms, but that the clearer and more direct mechanism of capturing lead generators under the conflicted remuneration ban (Option 3a) provides greater certainty and therefore protection.

Reforms should avoid unnecessary disruption to legitimate business development arrangements. As we understand it, under Option 3a, product issuers and advice providers would still be able to engage business development services, that may include lead generation, provided the remuneration structures do not breach conflicted remuneration law, for example lead generators could not be remunerated as a proportion of advice fees or the funds under management of a referred client.

Summary of feedback on Reform 3 options

Proposal	Rest feedback
Option 3a	Support – preferred option as a clearer mechanism for preventing conflicted remuneration.
Option 3b	Support in principle – may offer some consumer protection but adds complexity.

Reform 4: Target advertisements for earlier intervention

Rest supports measures that provide clear and targeted requirements regarding superannuation advertising, and ASIC having additional powers to address misleading or harmful advertising. Introducing better early intervention opportunities should assist to protect consumers before financial harm is experienced by consumers in large numbers.

We support Option 4a, which would require advertising related to superannuation to be undertaken by, or attributed to, licenced providers, either by requiring lead generators to be licensed directly, or by requiring a relationship with a holder of an AFS licence under which the advertising is authorised. We also note strong alignment between this option and the reform 1 options, on which we have provided comment above.

In order to avoid adverse impact on legitimate advertising currently undertaken by licensees, including RSEs, consideration should be given to guidance on how disclosure on an AFSL should be provided, including on issues like online advertising, which may have limited space or time to provide effective disclosure.

We also support Option 4b, which intends to expand ASIC’s powers to issue stop orders to enable taking down of a broader range of financial advertising. The framework for the expansion of these powers needs to provide clear criteria for the exercise of the stop order power, a short but meaningful notice period for the order to take effect, and an appeals and review process.

Summary of feedback on Reform 4 options

Proposal	Rest feedback
Option 4a	Support – requiring licensing for advertising aligns with expectations across the financial services landscape.
Option 4b	Support – ASIC’s ability to act quickly, within clear criteria is important for consumer protection.

Other reforms

Rest recommends that Treasury also consider whether some aspects of the proposed reforms should apply, where appropriate, to comparator websites and similar publications. This is not intended to capture legitimate research or comparison tools with transparent research/comparison methodologies that support informed decision making by the public. Rather the recommendation is to consider if there would be any regulatory gap where a comparator website or similar publication operates, in substance, as a lead generator – for example, where rankings, comparisons or other product-related representations are used to direct consumers into a referral pathway, or where commercial arrangements with participating funds influence how products are presented or promoted. To the extent these activities perform a lead generation function and create similar consumer risks, Treasury should consider whether the same or similar regulatory reform should apply.

Conclusion

Rest appreciates the opportunity to provide feedback on these important proposals, and the efforts of Government to expand protections applicable to consumers who may face high-pressure sales tactics and click-bait leads, which may result in poor outcomes, or even significant financial loss, as we saw with the Shield and First Guardian examples.

Submitted: 22 May 2026

ⁱ As at 31 December 2025.

ⁱⁱ <https://www.asic.gov.au/about-asic/asic-investigations-and-enforcement/enforcement-activities/first-guardian-master-fund/>