

EXPLANATORY STATEMENT

Issued by authority of the Assistant Treasurer and Minister for Financial Services

Competition and Consumer Act 2010

Competition and Consumer (Scams Prevention Framework) Rules 2026

The *Scams Prevention Framework Act 2025* introduced Part IVF into the *Competition and Consumer Act 2010* (the Act). Part IVF establishes the Scams Prevention Framework (SPF) for preventing and responding to scams that impact the Australian economy.

The SPF has the following features:

- overarching principles, called SPF principles, that apply to regulated entities in all regulated sectors;
- a power to make sector-specific codes, called SPF codes, that apply to regulated entities in the particular regulated sector;
- a power to make rules, called SPF rules, to support the operation of the SPF;
- a multi-regulator framework; regulatory and enforcement mechanisms; and dispute resolution and actions for damages mechanisms.

Section 58GE of the Act provides that the Minister may, by legislative instrument, make rules (SPF rules) prescribing matters for the purposes of the SPF. Specifically, the SPF rules may prescribe matters relating to designated SPF sectors, regulated entity reporting, performance measures, record keeping, internal dispute resolution, industry codes, external dispute resolution schemes and arrangements for SPF regulators.

Subsection 58GE(3) also places certain limits on the SPF rules. For example, the SPF rules may not create an offence or civil penalty or impose a tax.

The SPF contains the following six SPF principles, which regulated entities in all regulated sectors must comply with:

SPF principle 1: governance (sections 58BC–58BH)

This principle requires, among other things, a regulated entity to document and implement governance policies, procedures, metrics and targets. An entity is required to comply with any requirements prescribed by the SPF rules for those metrics and targets and record-keeping.

SPF principle 2: prevent (sections 58BI–58BK)

This principle requires a regulated entity to take reasonable steps to prevent scams relating to, connected with, or using, a regulated service.

SPF principle 3: detect (sections 58BL–58BP)

This principle requires a regulated entity to take reasonable steps to detect scams, including investigating activities that are the subject of actionable scam intelligence and identifying consumers that have been impacted by such activities.

SPF principle 4: report (sections 58BQ–58BV)

This principle requires a regulated entity to provide the SPF general regulator with reports of any actionable scam intelligence the entity has. This obligation will not apply until the SPF rules prescribe the time period, manner, form and information for the report.

SPF principle 5: disrupt (sections 58BW–58BZA)

This principle requires, among other things, a regulated entity that has actionable scam intelligence about an activity to take reasonable steps to disrupt the activity and prevent any loss or harm arising from the activity. An entity is also required to report outcomes of its investigations into the activity, but this obligation will not apply until the SPF rules prescribe the time period, manner, form and information for the report.

SPF principle 6: respond (sections 58BZB–58BZH)

This principle requires, among other things, a regulated entity to have an accessible mechanism for consumers to report activities that are or may be scams, have an accessible and transparent internal dispute resolution (IDR) and be a member of an authorised SPF external dispute resolution scheme (if any). A regulated entity must, when undertaking IDR, have regard to any processes prescribed by the SPF rules and any guidelines prescribed by the SPF rules for apportioning liability. The obligation for a regulated entity to give a statement of compliance when undertaking IDR is switched on when SPF rules are made about specified matters.

The purpose of the *Competition and Consumer (Scams Prevention Framework) Rules 2026* (the Instrument) is to set out SPF rules to support the effective operation of the SPF by providing further detail on activities and obligations enabled by the primary legislation.

Public consultation was undertaken by Treasury from 28 November 2025 to 5 January 2026 on the ‘Scams Prevention Framework – Draft law package and position paper’ which focused on obtaining stakeholder views to shape the policy outcomes of SPF codes and rules for designated SPF sectors. Feedback provided during that process informed the policy positions reflected in this Instrument.

The Instrument is a legislative instrument for the purposes of the *Legislation Act 2003* and is subject to the disallowance and sunseting regimes under that Act.

The Instrument commences on 1 September 2026.

Details of the Instrument are set out in [Attachment A](#).

Details of the Competition and Consumer (Scams Prevention Framework) Rules 2026

Part 1 - Preliminary

Section 1-1 – Name

This section provides that the name of the Instrument is the *Competition and Consumer (Scams Prevention Framework) Rules 2026* (the Instrument).

Section 1-2 – Commencement

This section provides that the Instrument commences on 1 September 2026.

The exception provisions in Part 3 (and related provisions in Part 1) of this Instrument will be operative from 1 September 2026 so that entities that meet the exception requirements are not required to comply with the external dispute resolution membership requirement in section 58BZG of the *Competition and Consumer Act 2010* enlivened by the *Competition and Consumer (Scams Prevention Framework—Regulated Sectors) Designation 2026* (the designation instrument).

While Parts 2 and 7 of this Instrument will also commence on 1 September 2026, they will have no operative effect until 31 March 2027, when the mandatory and enforceable obligations for regulated entities in the remainder of the SPF provisions, including in the *Competition and Consumer (Scams Prevention Framework—SPF Codes) Instrument 2026*, commence.

Section 1-3 – Authority

This section provides that the Instrument is made under the *Competition and Consumer Act 2010* (the Act).

Section 1-4 – Definitions

This section sets out the definitions of the following terms:

- ***accounting standards*** means any of the following:
 - accounting standards within the meaning given by the *Corporations Act 2001*;
 - international accounting standards made or adopted by the International Accounting Standards Board (at the time of this Explanatory Statement, these standards can be accessed from the IFRS website at <https://www.ifrs.org>);
 - accounting standards made by a responsible body of a foreign country that correspond to (and are equivalent to) one of the above-listed standards.
- ***active Australian user test*** has the meaning in section 1-5.

- **control**, of an entity by another entity, means control within the meaning of the accounting standards. This reduces compliance costs for regulated entities as they already apply these concepts in their financial reporting.
- **controlled entity**: an entity is a controlled entity of another entity if the other entity controls the entity.
- **covered banking service** has the meaning given by the designation instrument.
- **covered digital platform service** has the meaning given by the designation instrument.

Notes clarify that a service is a ‘covered banking service’ or a ‘covered digital platform service’ if it meets the requirements of the designation instrument, and that both covered banking services and covered digital platform services are designated as regulated sectors of the Australian economy (see subsections 11(1) and 15(1) of the designation instrument).

- **financial reporting period**, for an entity, has the meaning determined in accordance with accounting standards that are applicable to the entity.
- **provider of purchased payment facilities** means an ADI that:
 - engages in the provision of one or more purchased payment facilities (within the meaning of the *Payments Systems (Regulation) Act 1998*), in relation to which at least one of those facilities the Australian Prudential Regulation Authority has determined as mentioned in section 6 of the *Banking Regulation 2016*; and
 - does not otherwise carry on banking business within the meaning of section 5 of the *Banking Act 1959*.
- **revenue test** has the meaning in section 1-6.
- **the Act** means the *Competition and Consumer Act 2010*.

A note to section 1-4 also provides that expressions have the same meaning in the Instrument as in the Act as in force from time to time, in accordance with paragraph 13(1)(b) of the *Legislation Act 2003*.

Section 1-5 – Meaning of active Australian user test

This section provides that a service satisfies the active Australian user test on 1 January each year (defined as the ‘test time’) and each day of that calendar year if, for the most recently ended 12-month financial reporting period (defined as the ‘test year’), the average monthly active Australian users of the service is 200,000 or more.

A note clarifies that a service does not satisfy the active Australian user test at any time during a calendar year if it does not satisfy that test on 1 January of that calendar year.

The ‘financial reporting period’ for an entity has the meaning determined in accordance with accounting standards that are applicable to the entity (see the definition in section 1-4).

An active Australian user of a service is a person that accesses the service from within Australia at least once during the relevant test year. The person need not have an account with the service or be logged into an account in order to be accessing the service.

The active Australian user test is relevant to determining whether the digital platform exception applies as explained below.

Section 1-6 – Meaning of revenue test

This section provides that an entity satisfies the revenue test on 1 January each year (defined as the ‘test time’), and each day of that calendar year, if the entity meets the threshold amount set out below, either for the entity’s most recently ended 12-month financial reporting period that ended immediately before the test time, or in at least 2 of the last 3 financial reporting periods that ended immediately before the test time.

For an entity to meet the threshold amount, the sum of the following must be \$1 billion or more:

- a) the gross revenue, determined in accordance with accounting standards, of the entity;
- b) the gross revenue, determined in accordance with accounting standards, of each controlled entity of the entity mentioned in paragraph (a);
- c) the gross revenue, determined in accordance with accounting standards, of each entity that controls the entity mentioned in paragraph (a);
- d) the gross revenue, determined in accordance with accounting standards, of each controlled entity of an entity mentioned in paragraph (c).

When calculating the above amounts, the gross revenue of an entity should not be included if the entity’s revenue is already included in the revenue of another entity mentioned in one of the paragraphs above. This is because when an entity controls one or more entities, the first entity is generally required to prepare consolidated financial statements. To avoid double counting, the gross revenue of a controlled entity should not be included in the calculation if the parent entity’s consolidated revenue is also being included.

An entity should include Australian-sourced revenue and revenue sourced outside Australia when calculating their revenue amount.

The revenue test is relevant to determining whether the digital platform exception applies as explained below.

Revenue test—Example 1

An entity that provides a social media service that is accessible to, or delivered to, one or more end-users in Australia has a combined gross revenue of \$1.08 billion in the 12-month financial reporting period ending 30 June 2026. The entity also had a combined gross

revenue over \$1 billion in the last two 12-month financial reporting periods (financial years ending 30 June 2024 and 30 June 2025).

On 1 January 2027 (the test time), the entity considers whether it meets the revenue threshold for the purposes of the 2027 calendar year. The entity is taken to satisfy the revenue test as it meets the requirements in paragraph 1-6(1)(a).

In the next 12-month financial reporting period ending 30 June 2027, the entity has a combined gross revenue of \$980 million. On 1 January 2028 (the test time), the entity considers whether it meets the revenue threshold for the purposes of the 2028 calendar year. The entity is taken to satisfy the revenue test for the 2028 calendar year as its revenue in two of the three previous financial reporting periods was over \$1 billion (meeting the requirement in paragraph 1-6(1)(b)).

Revenue test—Example 2

On 1 January 2027 (the test time), the entity has a combined gross revenue of \$1.05 billion in the most recent 12-month financial reporting period and is taken to satisfy the revenue test for the calendar year 2027 (as the requirements in paragraph 1-6(1)(a) are met) and must comply with the SPF during the 2027 calendar year.

In the next 12-month financial reporting period ending 30 June 2027, the entity has a combined gross revenue of \$980 million. On 1 January 2028 (the test time), the entity is taken to satisfy the revenue test for the calendar year 2028 as its revenue in two of the three previous 12-month financial reporting periods was over \$1 billion (meeting the requirement in paragraph 1-6(1)(b)).

In the next 12-month financial reporting period ending 30 June 2028, the entity has a combined gross revenue of \$800 million. On 1 January 2029 (the test time), the entity does not satisfy the revenue test for the calendar year 2029 as its revenue in the most recent 12-month financial reporting period was less than \$1 billion, and its revenue in the two of the last three 12-month financial reporting periods were less than \$1 billion.

Part 2 – Overarching principles of the Scams Prevention Framework

Treasury has released a position paper alongside the exposure draft rules setting out its proposed policy settings for internal dispute resolution under the SPF including updating the kinds of information and the prescribed timeframes, manner and form for the statement of compliance. Additional rules will also be considered to deal with processes for internal dispute resolution and guidelines entities will need to have regard to when apportioning any liability between entities.

Section 2-1 – Statement of compliance—information

Information to be contained in statement

For the purposes of paragraph 58BZDA(2)(b) of the Act, a statement of compliance given by a regulated entity in relation to a complaint must include the following kinds of information relevant to the complaint:

- a description of each matter raised in the complaint;

- any findings on material questions of fact relating to each matter raised in the complaint and the information relied on to support the findings;
- the process followed to deal with each matter raised in the complaint;
- the outcome of the complaint and confirmation of any action taken, or to be taken, or compensation or other remedy given, or to be given, to resolve the complaint including details of apportionment of compensation;
- if another entity's conduct affected, or may have affected, the outcome of the complaint (for example, findings of fact and any action taken, or compensation or other remedy given to resolve it)—information about the conduct;
- a summary of the complainant's rights under the SPF external dispute resolution (EDR) scheme authorised for the entity's regulated sector and how the complainant may access the scheme.

These requirements supplement the existing requirement in the Act that a statement of compliance must include a statement by the regulated entity about whether, based on information reasonably available to the entity at the time of making the statement, it has complied with its obligations under the SPF provisions that are relevant to the complaint (see paragraph 58BZDA(2)(a)).

Information about the outcome of the complaint and action taken includes—where the outcome was not in the complainant's favour—a statement of that fact and why that outcome was reached.

Short statement of compliance

A regulated entity may give a complainant a short statement of compliance if the regulated entity is satisfied on reasonable grounds that the complaint was resolved to the complainant's satisfaction within 5 business days of the entity receiving the complaint.

A short statement of compliance must contain the following information:

- a brief explanation of how the complaint was resolved; and
- a statement that the complainant remains entitled to and may request a further full statement of compliance that adheres to the requirements outlined above.

The option to provide a short statement of compliance that is simpler and quicker to prepare, in circumstances where a full statement of compliance may not be necessary, appropriately lowers the administrative burden on regulated entities and preserves the availability of the dispute resolution process for scams complaints that involve higher-value claims and/or scam activity of greater significance.

By retaining the ability to request a full statement of compliance, consumers are not deprived of their rights to access information about their complaint and the entity's response to it.

It is expected that when determining whether a consumer is satisfied with a complaint outcome, regulated entities should follow a similar process as that outlined in Regulatory Guide 271.73 (published by the Australian Securities and Investments Commission). This

requires an entity to consider whether the consumer has confirmed they are satisfied with the action taken in response to the complaint and does not wish to take the matter further, or other circumstances exist that make it reasonable for the entity to form the view that the consumer is so satisfied.

Information not to be contained in statement

Recognising that there are circumstances in which certain information should not be disclosed, statements of compliance must not include:

- information that is commercially sensitive; and
- information that is considered personal information within the meaning of the *Privacy Act 1988*.

The exclusion of personal information is designed to protect personal information that a consumer may have shared with an entity in circumstances where the statement of compliance the entity gave the consumer may be shared with other entities when working cooperatively to resolve complaints involving several entities or with AFCA. However, the government recognises that it may be difficult to exclude all personal information from statements of compliance and welcomes views from stakeholders on how to best safeguard personal information while enabling effective complaint resolution.

Information protection obligations in other legislative frameworks, including the Anti-Money Laundering and Counter-Terrorism Financing regime, continue to operate to ensure information that is prohibited from disclosure under those frameworks is not included in statements of compliance.

The statement of compliance provides information about how a regulated entity has complied with its obligations under the SPF when dealing with complaints about relevant scam activity and is a critical obligation that an entity's internal dispute resolution process must meet. It aims to address information asymmetry for a consumer in the complaint process, shifting the responsibility to the regulated entity to demonstrate its position in response to the complaint.

Section 2-2 – Statement of compliance – authorised representative

Paragraph 58BZDA(2)(d) of the Act requires that statements of compliance must be signed by an authorised representative of the regulated entity of a kind prescribed by the SPF rules.

This section provides that a senior officer of a regulated entity who, under the entity's governance policies and procedures, has oversight of matters relevant to a complaint, is an authorised representative of the entity in relation to the complaint.

It is expected that an authorised representative will be reasonably satisfied that the statement is accurate and complies with the requirements under the SPF provisions that are relevant to the complaint when signing the statement of compliance, as required under paragraph 58BZDA(2)(a) of the Act.

Prescribing senior officers with appropriate knowledge and responsibility for the matters contained in a statement of compliance ensures that regulated entities place sufficient importance on statements of compliance, through the oversight of a senior person accountable for the contents of the statement.

Section 2-3 – Statement of compliance – timeframes, manner and form

When statement of compliance must be given

A regulated entity undertaking internal dispute resolution in dealing with a complaint must give a statement of compliance to the complainant within 21 calendar days after the complaint is received by the regulated entity.

Delay notification

In circumstances where the regulated entity cannot reasonably achieve this within the 21-day timeframe, the regulated entity must give the complainant:

- written notice that sets out:
 - the reasons for the delay; and
 - a summary of the complainant’s rights under the SPF EDR scheme authorised for the entity’s regulated sector and how the complainant may access the scheme; and
 - the reasonable time by which the entity will provide the statement of compliance; and
- a statement of compliance within that reasonable time.

Delayed notification may apply in circumstances where resolution of the complaint is particularly complex, involving a transaction or event that requires reconstruction of account information.

A notice alerting a complainant to a delay in providing a statement of compliance cannot be used as a substitute for providing the statement itself.

Short statement of compliance

Short statements of compliance must be given to the complainant within 5 business days of the regulated entity being satisfied that the complaint has been resolved to the satisfaction of the complainant. If the complainant requests a further full statement of compliance, this must be provided within 21 calendar days after that request.

Manner and form of statement of compliance

A statement of compliance must be given in writing and be easy to understand including by a person with a disability, from a cultural or linguistically diverse background, or with other special needs.

Specifying the manner, form, timing and required information for statements of compliance ensures that the statement:

- is provided in a timely manner and in a form that makes it easy for a consumer to understand the regulated entity’s position in response to the complaint and how that response reflects the entity’s compliance with its SPF obligations in relation to the complaint; and

- contains enough information to allow consumers to understand how their complaint was handled by the entity and to make an informed decision about any further action the consumer may wish to take, such as escalating the complaint to external dispute resolution.

Part 3 – Sector-specific provisions for the Scams Prevention Framework

Part 3 contains provisions that apply specifically for the digital platforms and banking sectors.

Section 3-1 – Digital platforms designation—complete exceptions

This section sets out circumstances in which a person is not a regulated entity, and a business or service is not a regulated service for the digital platforms sector.

For the purposes of paragraph 58AD(4)(a) of the Act, a person is not a regulated entity for the covered digital platform services regulated sector, at a particular time, if the person does not meet the revenue test at that time.

For the purposes of paragraph 58AD(4)(b) of the Act, a service is not a regulated service of a person for the covered digital platform services regulated sector, at a particular time, if the service does not meet the active Australian user test at that time.

Generally, an entity that provides a covered digital platform service is a regulated entity for the digital platforms sector and the service is a regulated service for the entity. However, these provisions have the combined effect that an entity will not be a regulated entity if its revenue is below the threshold set out in the revenue test and a business or service will not be a regulated service if the number of users for that service is below the active Australian user test.

An entity will not be covered by the exceptions unless it gives the ACCC, in response to a written notice from the ACCC, information or copies of specified documents that would reasonably assist the ACCC to determine whether, at a particular time, the entity meets the revenue test or the service provided by the entity meets the active Australian user test.

This requirement ensures the ACCC can obtain the information necessary to determine whether an entity meets the relevant thresholds.

Both the active Australian user and revenue tests need to be met for an entity to be within the scope of the SPF. An entity that provides a regulated service and satisfies the revenue and active Australian user tests will still be subject to the SPF, regardless of whether the request for information has been complied with.

Section 3-2 – Banking designation—complete exception

This section provides a complete exception from being a regulated entity for the covered banking services regulated sector, if the person is a provider of purchased payment facilities.

This recognises that, as the provision of purchased payment facilities is generally not considered to be “banking business” within the meaning of the *Banking Act 1959*, it should similarly not be included as part of the banking services regulated sector for the purposes of the SPF.

Section 3-3– SPF consumers of covered banking services

This section sets out circumstances in which a person is not an SPF consumer of covered banking services.

For the purposes of subsection 58AH(4) of the Act, a person is not an SPF consumer of a covered banking service if:

- the person is not provided the service directly by a regulated entity; or
- if the person (the payer) transfers funds to another bank account or facility held by that person or to a bank account or facility held by another person (the payee)—the person is not provided the service indirectly by a regulated entity with which the payee holds the account or facility; or
- if the person (the payee) receives funds from another bank account or facility held by that person or from a bank account or facility held by another person (the payer)—the person is not provided the service indirectly by a regulated entity with which the payer holds the account or facility.

In practice, this means that a person is only an SPF consumer of a covered banking service if they are themselves a customer of the covered banking service, or if they are making a payment to, or receiving a payment from, the covered banking service (that is, where they are a customer of the receiving bank).

A person is not an SPF consumer for a covered banking service where that covered banking service indirectly serves the person in other circumstances. This could include where an ADI provides a covered banking service in the form of payment infrastructure to support payments between payer and payee accounts that are held with two other ADIs. This has the effect of excluding business to business banking services from the SPF where they are not directly servicing a retail customer.

Where covered banking services are provided under a white labelling arrangement with a non-ADI, the ADI is directly providing that covered banking service to the SPF consumer; therefore, that service is captured as a regulated service. This includes, for example, branded credit and debit cards where the contractual relationship for the covered banking service is between an ADI and the customer, even if the customer facing service is white labelled through another entity.

Example 1

- Alfred is a customer of Credit Union A's banking service, which is a covered banking service.
- Alfred makes a payment to Piccolo, who is a customer of Credit Union B, a covered banking service.
- B2B Bank provides the necessary infrastructure to both Credit Union A and Credit Union B to connect to the payment system.
- While B2B Bank is a covered banking service, neither Alfred nor Piccolo are customers of B2B Bank.

- Alfred and Piccolo are both SPF consumers to Credit Union A and Credit Union B but are not SPF consumers to B2B Bank.
- As B2B Bank is not providing a service to an SPF consumer, it is not a regulated entity in this scenario.

Example 2

- Payment Provider 1, who is not an ADI and does not provide covered banking services, uses Credit Union A's business banking facilities to hold the backing money for its travel money debit cards.
- Lucy uses Payment Provider 1's travel money card to pay for purchases while travelling. She does not have a direct relationship with Credit Union A so is not a SPF consumer of a regulated entity.

Part 7 – Miscellaneous

Section 7-1 – Record keeping

This section requires records of any information that must be kept by a regulated entity under Part IVF of the Act or any other provision of the Act to the extent that it relates to a provision of that Part, the SPF codes or SPF rules to be:

- in English, or readily accessible and easily convertible into English;
- kept in Australia, or easily and electronically accessible from Australia;
- retained for 6 years after the relevant activity or transaction happens.

This requirement to keep records of information in Australia is important to provide effective oversight of the SPF regime. By helping to overcome extraterritoriality challenges in enforcing obligations, it promotes more effective enforcement outcomes and enables regulators to effectively monitor compliance and support consumer protection.

Section 7-2 – Translation of amounts into Australian currency

This section requires an amount that is expressed in foreign currency to be translated into Australian currency for the purposes of this Instrument. For example, where the accounting records and financial reports of an entity are expressed in a foreign currency, the gross revenue of the entity will need to be translated into Australian currency before the tests are applied.

Translation in accordance with accounting standards

Where an entity wishes to translate an amount using an exchange rate that was used in a financial report prepared by the entity that:

- is prepared in accordance with accounting standards; and
- has been audited in accordance with the *Corporations Act 2001* (or a corresponding and equivalent law of a foreign country;

the entity must translate all amounts into Australian currency using the exchange rates that were used in that financial report and as used in that report.

Translation using published average exchange rates

In all other circumstances, an entity must translate all amounts in foreign currency into Australian currency using:

- an average exchange rate for the period most closely corresponding to the period to which the amount relates; and
- the exchange rates published by the Reserve Bank of Australia, or a publicly and commercially available market exchange rate if the amount is in a currency for which the Reserve Bank of Australia does not publish an exchange rate.

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