



Australian Private Equity & Venture Capital Association Limited

7 May 2015

Mr Maan Beydoun
Senior Specialist
Investment Managers and Superannuation
Australian Securities and Investments Commission
Level 5, 100 Market Street
Sydney NSW 2000

Email: Maan.Beydoun@asic.gov.au

Dear Maan,

AVCAL submission on the proposed amendments to Class Order 14/1252

The Australian Private Equity and Venture Capital Association (AVCAL) appreciates ASIC's invitation to comment on the proposed amendments to Class Order 14/1252.

AVCAL represents the venture capital (VC) and private equity (PE) industry in Australia, which has a combined total of over \$24 billion in funds under management for domestic and offshore investors. Australian PE and VC firms invest in businesses on behalf of their fund investors, also known as limited partners (LPs). Superannuation and managed investment product issuers form a critical part of the LP base, and are also members of AVCAL.

As the superannuation sector continues to grow into a multi-trillion dollar industry, the needs and interests of superannuants, trustees, investment managers and other key stakeholders remain vitally important to ensure that that growth remains viable and sustainable. This includes the need for a fair and consistent system of fee and cost disclosure.

AVCAL appreciates ASIC's recognition of industry feedback highlighting the need to promote greater fairness and consistency in the reporting of fees and costs associated with direct vs intermediated investments, and listed vs unlisted investments.

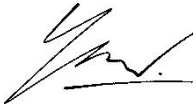
However, the current proposed drafting of Class Order 14/1252 is problematic as it imposes a test for interposed vehicles that is based on the type of assets invested (i.e. financial securities vs real property), and whether it is listed or unlisted.

In AVCAL's view the definition of an interposed vehicle should be based purely on whether or not the superannuation product or option has a controlling interest in that vehicle. This could be defined as, for example, whether the RSE is deemed to own more than 50% of the net asset value of that investment vehicle. Whether the investment vehicle is listed or unlisted (as is currently proposed in section 2 of the draft Class Order) should not be a basis for differentiating the look-through (or non-look-through) requirements for fees and costs reporting.

AVCAL's recommendation is that all fee and cost disclosures should be consistent and reasonable across both listed and unlisted investments, in order to safeguard the integrity and comparability of these indirect cost ratios for users who rely on them for decision-making purposes.

If you would like to discuss any aspect of this submission, please do not hesitate to contact me or Dr Kar Mei Tang on (02) 8243 7000.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Yasser El-Ansary', with a horizontal line underneath.

Yasser El-Ansary
Chief Executive
AVCAL