

From: Kylie Seymour-Clarke...
To: Maan Beydoun <Maan.Beydoun@asic.gov.au>,
Date: 04/09/2015 03:58 PM
Subject: RE: Query on the draft RG 97 [SEC=UNCLASSIFIED]

Hi Maan,

A further query/comment. The new RG 97 is requiring that indirect costs be specifically calculated and displayed without indirect fees incorporated in the Shorter Superannuation PDS and in annual statements. While this makes sense (and will enable a clearer display of the difference between fees and costs) what is expected of the indirect fee amounts? Will superannuation funds be expected to have an indirect costs ratio and an indirect fee ratio on an annual statement?

In the PDS fees and costs table- In relation to a super fund scenario: A super fund that went from including the indirect fees within the fees and costs table to simply including them in the ICR at the bottom as a result of APRA's focus on reporting only direct fees charged. With this change, there isn't any reporting of indirect fees. Is the intention that the standard fees and costs table include both direct and indirect fees and the ICR then simply include "costs".

Finally, APRA has issued draft guidance stating that fees were only fees where they were directly charged, all other costs were to be considered costs. This was not in line with either the definitions in SIS, or ASIC guidance. APRA's position creates confusion in where a client is choosing an approach towards "fees" and "costs" definitions on APRA's information rather than SIS and ASIC's position. This potentially creates conflicts between APRA reporting requirements and ASIC disclosure requirements. It would be appreciated if it was made clear in ASIC's documents that indirect fees are still possible.

Regards

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