



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 133

Shorter PDS regime: Superannuation, managed investment schemes and margin lending

This information sheet explains generally how the Product Disclosure Statement (PDS) requirements in the Corporations Amendment Regulations 2010 (No. 5) (Corporations Amendment Regulations) apply to certain financial products. These regulations were made in June 2010 and are referred to in this information sheet as the ‘shorter PDS regime’.

For specific guidance for industry on technical issues related to implementation of the shorter PDS regime for superannuation products and simple managed investment schemes, see Information Sheet 155 *Shorter PDSs: Complying with requirements for superannuation products and simple managed investment schemes* (INFO 155).

Which financial products are affected?

The shorter PDS regime sets out requirements for shorter and simpler PDSs for:

- superannuation products (other than those that are solely a defined benefit interest, solely a pension product, or that have no investment component—also known as ‘risk-only superannuation products’)
- simple managed investment schemes, and
- standard margin lending facilities.

PDSs for other financial products are subject to the standard PDS requirements in Ch 7 of the *Corporations Act 2001* (Corporations Act).

Note 1: For more details about the scope of the shorter PDS regime and obligations for product issuers, see the Explanatory Statement to the Corporations Amendment Regulations, which is available from the Federal Register of Legislative Instruments at www.frli.gov.au.

Note 2: The shorter PDS regime is not the same as Short-Form PDSs, which were introduced by the Corporations Amendment Regulations 2005 (No. 5). Under the Short-Form PDS provisions, issuers who are required to provide a PDS have the option of giving retail clients a ‘Short-Form PDS’ (unless excluded) as long as a full PDS is available on request: see s1017H as inserted by Sch 10BA of the Corporations Regulations 2001.

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

What is a simple managed investment scheme?

The shorter PDS regime applies to PDSs for simple managed investment schemes—that is, registered managed investment schemes that invest at least 80% of their assets:

- in an account or a deposit with a bank where the money is able to be withdrawn:
 - immediately during the bank’s normal business hours, or
 - at the end of a fixed period that is no longer than 3 months, or
- under one or more arrangements by which the responsible entity can reasonably expect to realise the investment within 10 days at market value.

It does not apply to registered managed investment schemes that are or are intended to be quoted on a financial market, are part of a stapled security, are property, mortgage or agricultural schemes, or are platforms.

What are the shorter PDS requirements?

The key features of PDSs under the shorter PDS regime include:

- a maximum page length of 8 A4 pages (for superannuation and managed investment scheme PDSs) and 4 pages (for standard margin loan PDSs), together with a prescribed minimum font size
- prescribed section headings to make it easier for consumers to find important information in the PDS and compare across products
- key content requirements to ensure that consumers are provided with the key information they need to make an investment decision
- provision for other material to be located outside the PDS document itself, but form part of the PDS through incorporation by reference, and
- provision for inclusion of additional information within the PDS, provided the prescribed length is not exceeded.

The requirements were developed by the Financial Services Working Group (comprising officials from the Department of Treasury, the Department of Finance and Deregulation, and ASIC), in close consultation with industry and consumer representatives, to help consumers engage with disclosure documents and better understand their financial products.

When does the shorter PDS regime apply?

The shorter PDS regime applies as follows:

- for standard margin lending facilities: from 1 January 2011
- for all new superannuation products and simple managed investment schemes: from 22 June 2011, and
- for all other PDSs for superannuation products and simple managed investment schemes: from 22 June 2012.

The transitional arrangements from 22 June 2010 to 22 June 2012 allow issuers to continue to meet the standard PDS requirements in Ch 7 of the Corporations Act, to opt in early to the shorter PDS regime, or to use a shorter PDS but continue to issue supplementary PDSs until 22 June 2012 where the issuer had opted in early to the shorter PDS regime before the amendments effected by the Corporations Legislation Amendment Regulations 2011 (No. 2): see reg 4 of the Corporations Amendment Regulations.

How is ASIC implementing the shorter PDS regime?

We are updating our regulatory guides and class orders to reflect the shorter PDS regime. We have also established an email address shorterPDSqueries@asic.gov.au where you can contact us with any questions or comments about implementation of the regime. Your feedback will help us monitor the uptake of the shorter PDS regime and provide the right type of guidance for industry and consumers.

Where can I get more information?

- Download a copy of Information Sheet 155 *Shorter PDSs: Complying with requirements for superannuation products and simple managed investment schemes* (INFO 155) at www.asic.gov.au/infosheets.
- Email shorterPDSqueries@asic.gov.au.
- Contact ASIC on 1300 300 630.

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice.

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.