

30 January 2015

Dear Sir/Madam

FURTHER SUPERANNUATION REFORM GUIDANCE AND RELIEF FROM ASIC

ASIC has recently issued regulatory materials and relief to assist the industry with the implementation of further superannuation reforms. The purpose of this letter is to alert you to the availability of this regulatory material and relief, as well as providing an update more generally on materials released by ASIC that may be relevant to the superannuation industry. Further detail is set out below.

s29QC Consultation

Section 29QC of the *Superannuation Industry (Supervision) Act 1993* requires disclosure by superannuation funds to align with APRA reporting requirements in some circumstances. These consistency requirements were introduced to improve the comparability of superannuation products by requiring consistency in how information is calculated.

Earlier in 2014, ASIC had deferred by class order [CO 14/541] the operation of section 29QC until 1 July 2015 so it can consult further with industry on the application of this section.

On 19 December 2014, ASIC released Consultation Paper 227 *Disclosure and reporting requirements for superannuation trustees* (CP 227). ASIC is seeking feedback on options proposed for dealing with the uncertainty about how to achieve consistency between the disclosure requirements administered by ASIC and the data that is required to be reported under APRA's reporting standards.

CP 227 raises issues around the treatment of investment objectives and return targets, as well as issues about the treatment of asset allocation information. Submissions close on **13 March 2015**. ASIC will be meeting with industry associations and representatives in February to discuss CP 227.

For more information see 14-346MR *ASIC consults on disclosure and APRA reporting requirements for superannuation trustees*.

Fee and Cost Disclosure

Following a review of fee disclosure practices, ASIC issued a class order [CO 14/1252] clarifying key fee and cost disclosure requirements for Product Disclosure Statements (PDS) and periodic statements for superannuation and managed investment products. [CO 14/1252] addresses:

- Disclosure of costs of investing in interposed vehicles

- Disclosure of indirect costs
- Removal of doubt that double counting of some costs for superannuation products is not required, and
- The appropriate application of the consumer advisory warning.

The class order will apply to all PDS for superannuation and managed investment products from 1 January 2016. It will also apply to periodic statements that must be given for these products by 1 January 2017 or later.

Under s1017D of the *Corporations Act 2001* (The Act) trustees have six months to give superannuation annual statements (referred to as periodic statements under the Act) to members from the end of the period the statements cover. This means [CO 14/1252] will apply to periodic statements for periods ending after 30 June 2016. Superannuation exit statements (also a periodic statement under the Act) must be given within 1 month of the member exiting the fund (see Part 12 of Schedule 10A of the Corporations Regulations). This means that [CO 14/1252] will apply for superannuation exit statements for periods ending after 30 November 2016. Trustees may choose to opt in to this regime earlier.

For more information see 14-334MR *ASIC class order clarifies fee and cost disclosure requirements*.

ASIC has extended its facilitative compliance approach to 1 July 2015 for fee and cost disclosure requirements. For full details see 14-132MR *ASIC releases information sheet on super fee and cost disclosure and defers section 29QC*.

Consultation on Regulatory Guide 97

We have also commenced our review of Regulatory Guide 97 *Disclosing fees and costs in PDSs and periodic statements* (RG 97) to reflect the effect of the superannuation reforms and [CO 14/1252]. Submissions close on **27 February 2015**.

ASIC will also be meeting with industry associations and representatives in February to discuss our updates to RG 97.

For a copy of the draft RG97 please visit the Superannuation section of the ASIC website or email feandcostdisclosure@asic.gov.au.

Class Order Relief

ASIC has extended interim Class Order relief in two areas of superannuation:

1. Extension of the interim relief in Class Order [CO 13/1420] exempting a trustee of a regulated superannuation fund from having to provide a periodic statement to its members that includes the separate reporting of Low Income Superannuation Contribution (LISC) under regulation 7.9.20(2A). The class order will now apply to reporting periods that end on or before 30 June 2015.

The relief is still conditional on the trustee meeting one of two conditions. For full details of the exemption and conditions attaching to it see [CO 13/1420].

2. Extension of the interim relief provided in the Second Exemption of Class Order [CO 13/1534] exempting a trustee of a regulated superannuation fund from having to include the latest superannuation product dashboard in a periodic statement and enabling the dashboard to be included in the statement via a hyperlink.

The interim relief now applies to periodic statements issued for reporting periods ending before 1 July 2015.

For further information see [CO 13/1534].

Superannuation forecasts

ASIC has issued further guidance to assist superannuation fund trustees to provide their members with retirement estimates.

The changes to Regulatory Guide 229 *Superannuation forecasts* (RG 229) and existing relief will allow a superannuation fund to include an estimate of the age pension which might be available to the member along with the member's superannuation benefit at retirement.

For further information see RG229 and Class Order [CO 14/870] *Amendment of Class Order [CO 11/1227]*.

ASIC Investment Managers and Superannuation Industry Liaison 2015

In 2015 ASIC is proposing to enhance our industry engagement with the superannuation and managed investments sectors. Specifically this will involve:

- The ASIC Insights seminar series. ASIC Insights are run by ASIC staff at ASIC offices to update industry representatives on ASIC's views and approach on key issues. In 2015 we intend holding seminars every six months, alternating between a superannuation and managed investments focus.
- Maintaining our ongoing liaison with industry associations through regular meetings with relevant industry associations, commencing February/March 2015. We will encourage industry associations to also invite their key stakeholders to these meetings to ensure a holistic industry discussion canvassing both the association and individual trustee commercial views. We will be writing to the relevant associations shortly to make arrangements for the year ahead.
- Developing, where appropriate, direct contact through updates, letters to industry participants and direct engagement with participants in the superannuation and managed funds industry.
- We also intend to meet with a selection of superannuation trustees at least once a year to discuss compliance, risks and other issues. This assists us to keep up to date with market developments, changes in ownership structures, new initiatives and to better detect, understand and respond to emerging trends. Unfortunately we are unable to meet with every trustee.

These initiatives complement ASIC liaison conducted via presentations at conferences, roadshows and targeted updates.

ASIC proposals to cut red tape and encourage more electronic disclosure

ASIC has sought industry feedback on proposals to make it easier for businesses to deliver financial services disclosures electronically with more certainty, while preserving choice for consumers. We want to encourage more innovative ways of delivering important information presented in a way that consumers can understand and act on. We also believe electronic disclosure could reduce costs for providers and enable them to better align their disclosure with consumer preferences.

We are now considering submissions received on ASIC Consultation Paper 224 *Facilitating electronic financial services and disclosures* (CP 224) and we will update Regulatory Guide 221 *Facilitating online financial services disclosures* (RG 221) to reflect the new approach.

Further information

All guidance, reports, relief and other information is available on our superannuation page under 'Regulatory resources' on the ASIC website www.asic.gov.au. We update this website as changes occur.

If you have queries about the superannuation reforms, please email ASIC at StrongerSuperReforms@asic.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Gerard Fitzpatrick', written in a cursive style.

Gerard Fitzpatrick
Senior Executive Leader
Investment Managers and Superannuation