



**ASIC**  
Australian Securities &  
Investments Commission

CONSULTATION PAPER 384

# Employee redundancy funds

June 2025

## About this paper

This consultation paper seeks views from operators of employee redundancy funds, employer associations and other interested stakeholders.

We are consulting on the requirements that should apply to employee redundancy funds under the Corporations Act once the transitional relief we have granted expires on 1 April 2026. Specifically, we are seeking feedback on proposed changes to our definition of employee redundancy funds and possible options for the regulation of employee redundancy funds going forward.

### About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

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

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

### Document history

This paper was issued on 24 June 2025 and is based on the legislation as at the date of issue. On 8 July 2025 we updated the paragraph numbering on pages 23–26.

### Disclaimer

The proposals, explanations and examples in this paper do not constitute legal advice. They are also at a preliminary stage only. Our conclusions and views may change as a result of the comments we receive or as other circumstances change.

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## The consultation process

You are invited to comment on the proposals in this paper, which are only an indication of the approach we may take and are not our final policy.

As well as responding to the specific proposals and questions, we also ask you to describe any alternative approaches you think would achieve our objectives.

We are keen to fully understand and assess the financial and other impacts of our proposals and any alternative approaches. Therefore, we ask you to comment on:

- the likely compliance costs;
- the likely effect on competition; and
- other impacts, costs and benefits.

Where possible, we are seeking both quantitative and qualitative information. We are also keen to hear from you on any other issues you consider important.

Your comments will help us develop our policy on the regulation of employee redundancy funds. In particular, any information about compliance costs, impacts on competition and other impacts, costs and benefits will be taken into account if we prepare a Regulation Impact Statement: see Section F, 'Regulatory and financial impact'.

### Making a submission

You may choose to remain anonymous or use an alias when making a submission. However, if you do remain anonymous we will not be able to contact you to discuss your submission should we need to.

Please note we will not treat your submission as confidential unless you specifically request that we treat the whole or part of it (such as any personal or financial information) as confidential.

Please refer to our privacy policy at [www.asic.gov.au/privacy](http://www.asic.gov.au/privacy) for more information on how we handle personal information, your rights to seek access to and correct personal information, and your right to complain about breaches of privacy by ASIC.

Comments should be sent by 22 July 2025 to:

Employee Redundancy Funds—Consultation Feedback  
Regulatory Reform and Implementation  
Australian Securities and Investments Commission  
GPO Box 9827  
Melbourne VIC 3001  
email: [rri.consultation@asic.gov.au](mailto:rri.consultation@asic.gov.au)

## What will happen next?

<b>Stage 1</b>	24 June 2025	ASIC consultation paper released
<b>Stage 2</b>	22 July 2025	Comments due on the consultation paper
<b>Stage 3</b>	August to September 2025	Undertake further targeted consultation with stakeholders as appropriate
<b>Stage 4</b>	Late 2025	Release our response to consultation and our final position on our approach to regulation of employee redundancy funds under the Corporations Act

## A Background to the proposals

### Key points

Historically, employee redundancy funds have been able to rely on ASIC relief from relevant provisions of the *Corporations Act 2001* (Corporations Act).

With the current relief due to expire on 1 April 2026, we are now assessing whether the relief remains appropriate. This assessment occurs in the context of significant growth in funds under management, the broadening of activities that may be undertaken by funds and stakeholder feedback that our current relief should not be continued.

We are aiming to release our final position on our approach to regulation of these funds under the Corporations Act in late 2025.

### Employee redundancy funds under the Corporations Act

- 1 Employee redundancy funds are arrangements established to accept contributions from employers made on behalf of employees for the purpose of providing redundancy and incidental benefits for those employees.
- 2 In ASIC's view, employee redundancy funds are likely to constitute a managed investment scheme and therefore a financial product regulated under the Corporations Act. This is because:
  - (a) employers make contributions to an employee redundancy fund on behalf of employees;
  - (b) contributions are pooled; and
  - (c) there is a lack of day-to-day control of the scheme by employee members.

Note: A managed investment scheme is defined under s9 of the Corporations Act. An interest in a managed investment scheme is specifically included in the definition of a financial product under s764A(1) of the Corporations Act.
- 3 In the absence of relief, the operator of the employee redundancy fund (fund operator) would be required to comply with the requirements of the Corporations Act. This would typically include:
  - (a) holding an Australian financial services (AFS) licence;
  - (b) registering the scheme; and
  - (c) complying with the disclosure obligations in Pt 7.9 and the hawking prohibition in Pt 7.8 of the Corporations Act (the associated provisions).

## Historical relief granted to employee redundancy funds

- 4 We have granted employee redundancy funds relief from the licensing, managed investment and associated provisions of the Corporations Act in substantially the same form for the past 25 years. The relief is currently provided by [\*ASIC Corporations \(Employee redundancy funds relief\) Instrument 2015/1150\*](#).

Note: Prior to the commencement of the Corporations Act, ASIC provided employee redundancy funds relief from the managed investments and prospectus provisions of the Corporations Law in Superseded Class Order [SCO 00/1156] *Employee redundancy funds: Interim relief*.

- 5 Our relief was originally provided on an interim basis, but has been extended over time.
- 6 We most recently consulted on extending our relief in ASIC Instrument 2015/1150 in July 2024: see ASIC's consultation *Proposed extension of employee redundancy funds relief* ([CS 9](#)). Given the feedback we received, we have continued our relief for a transition period of eighteen months (i.e. until 1 April 2026), pending our further consultation on the requirements for employee redundancy funds in 2025. We included in our relief a requirement for fund operators to notify ASIC if they are relying on the relief. We received notification that 10 fund operators are relying on the relief.

## Reasons for re-examining the regulation of employee redundancy funds

- 7 We consider it an appropriate time to review the legacy relief afforded to employee redundancy funds, given the factors outlined in paragraphs 8–12.

### Growth in funds under management

- 8 There has been considerable growth in the funds under management by the small number of funds in existence. We understand that in 2003 fund operators had approximately \$500 million under management, and that by 2015 this had increased to \$2 billion under management. We are now aware that some funds individually have close to or over \$1 billion under management, based on information published in annual reports.
- 9 Despite the size of the funds under management, currently fund operators do not have to comply with the requirements that are applicable to operators of other managed investment schemes. For example, the statutory financial reporting obligations that apply to registered schemes do not apply. These requirements would otherwise provide ongoing transparency on funds under management and transactions undertaken. Further, the governance requirements that apply to AFS licensees, which set conduct standards and ensure conflicts of interest are managed, do not apply.

## Feedback from our prior consultation in 2024

- 10 In response to [CS 9](#), we received divergent feedback about the relief we provide to employee redundancy funds.
- 11 We received feedback from existing fund operators that the current relief should be continued. In contrast, we also received feedback from an employer association that the relief should be revoked, and that it was appropriate to require fund operators to comply with the Corporations Act. The submission cited factors such as:
- (a) the findings of prior royal commissions and inquiries; and
  - (b) the risks of the funds diminishing or collapsing due to mismanagement, misappropriation or abuse in the absence of regulation.

## Range of activities undertaken by the funds

- 12 We understand there may now be a range of activities undertaken by funds beyond the provision of redundancy benefits. For example, some funds are operated for the purpose of funding long-service leave, sick leave, training or insurance benefits to employees (or a combination of these benefits). Broader arrangements such as these were not contemplated when we introduced our original relief.

## Our consultation approach

- 13 We are seeking feedback on the following issues:
- (a) Changes to the definition of ‘employee redundancy funds’ for the purposes of our guidance and any relief we grant (see Section B).
  - (b) Options for the regulation of employee redundancy funds under the Corporations Act going forward. We have set out three possible options:
    - (i) Option 1—Allow the relief to expire and require full compliance with the Corporations Act (see Section C).
    - (ii) Option 2—Grant relief from specific obligations in the Corporations Act (see Section D).
    - (iii) Option 3—Remake the existing relief with additional conditions (see Section E).
- 14 In presenting the options in this paper, our aim is to obtain feedback to inform our position on the requirements that should apply to employee redundancy funds. We will also undertake further targeted consultation with relevant stakeholders, as needed, before we release our final position.



- 15        We are aiming to release our final position on the issues raised in this paper in late 2025. We appreciate that stakeholders need certainty on ASIC's position before the expiry of [ASIC Instrument 2015/1150](#) on 1 April 2026. As outlined in this paper, we also recognise that appropriate transitional arrangements may be necessary to give fund operators adequate time to comply with any changes in our approach.

## B Definition of ‘employee redundancy funds’

### Key points

[ASIC Instrument 2015/1150](#) currently uses a legacy definition of ‘employee redundancy funds’ that has not been amended over time.

We consider that we may need to update the definition in our guidance and any relief, to reflect current activities undertaken by the funds.

We are seeking feedback on changes to the definition to capture funds that are operated primarily to provide long-service leave and other entitlements for employees.

### Expand the definition to include long-service leave entitlements and other employee entitlements as appropriate

16 Our current definition of employee redundancy funds, as set out in [ASIC Instrument 2015/1150](#), has not changed since 2000. That is, an ‘employee redundancy scheme’ is defined as:

a scheme to which employers may make, or are required by an award or agreement to make, contributions where the primary objective of the scheme is to fund redundancy entitlements and other entitlements, incidental to employment, for employees of the employers.

Note: Throughout this paper, we have used the term ‘employee redundancy funds’ consistent with the current definition of ‘employee redundancy scheme’ in ASIC Instrument 2015/1150. As outlined in proposal B1, we are seeking feedback on changing the term and the definition. If the definition is changed, the proposals in this paper would apply to all funds that fall within the new term and definition.

### Proposal

**B1** We are proposing to rename ‘employee redundancy funds’. We would use the term ‘employee entitlement schemes’ and adopt the following definition:

A scheme to which employers may make, or are required by an award or agreement to make, contributions where the primary objective of the scheme is to fund:

- (a) benefits payable on redundancy; and/or
- (b) long-service leave entitlements, for employees of employers.

The scheme may also fund other entitlements that are incidental to employment.

We would use the new term and definition in relevant guidance and any relief we grant.

**Your feedback**

- B1Q1 Do you agree with our proposed new term and definition? Please provide reasons.
- B1Q2 Are there other employee entitlements (beyond redundancy and long-service leave) that should be included as primary objectives in our new definition? Please provide details.
- B1Q3 Is there an alternative definition that you consider is preferable? For example, should we require that an 'employee entitlement scheme' is an 'approved worker entitlement fund', as defined under s58PB of the *Fringe Benefits Tax Assessment Act 1986* (FBT Act)? Please provide reasons.
- B1Q4 Do you consider that our definition should include any further limitations on the objectives of the fund, or are there any specific arrangements that should be excluded from the definition (with the requirements that apply to these excluded arrangements instead considered on a case-by-case basis)? If so, please provide details.
- B1Q5 For existing fund operators, will changing the definition as proposed affect the operation of the fund? If so, please provide details of the impact.

**Rationale**

- 17 The current definition of employee redundancy funds we have adopted may not provide sufficient clarity on which funds fall within the definition or reflect current activities undertaken by the funds. For this reason, we consider that it may need updating.
- 18 We are aware that stakeholders have taken differing approaches to interpreting the scope of the definition and who can rely on our current relief. For example, in some cases operators of funds established for the provision of long-service leave entitlements have considered that they can rely on the relief in [ASIC Instrument 2015/1150](#), and in other cases the operator has sought individual relief from ASIC on the basis they cannot rely on it.
- 19 Funds that are operated for the purpose of providing redundancy benefits were intended to be captured by the current definition. We consider that funds established for the purpose of providing long-service leave entitlements are similar in nature and should be regulated on a similar basis. Proposal B1 makes this clear in a new definition.
- 20 The activities of some funds may now be broader than redundancy and long-service leave—such as the funding of sick leave, training or insurance benefits for employees. Given this, we are expressly seeking feedback on whether there are schemes that provide employee entitlements beyond

redundancy and long-service leave activities that are appropriate to include in our new definition: see question B1Q2.

Note: In addition to the financial service of operating a registered managed investment scheme, additional financial services may be involved in the operation of a broader scheme, such as advising or dealing in insurance products. In the absence of relief, the fund operator would need to assess the financial services provided and ensure compliance with the Corporations Act.

- 21 We are aware that a number of employee redundancy funds that have notified ASIC of their reliance on [ASIC Instrument 2015/1150](#) satisfy the relevant definition of an ‘approved worker entitlement fund’ under s58PB of the FBT Act. An approved worker entitlement fund receives concessional tax treatment. The definition captures funds that are operated for the purpose of ensuring long-service leave is paid and other funds that are endorsed by the Commissioner of Taxation. To qualify as an approved worker entitlement fund, a fund must meet prescribed conditions, including that:
- (a) management of the fund is carried out at arm’s length from contributors and their associates; and
  - (b) the constituent documents limit payments out of the fund to specified purposes.
- 22 As an alternative approach to our current definition, we could adopt a definition of ‘employee entitlement scheme’ that captures those funds that already meet the pre-requisites of the FBT Act: see question B1Q3.

## C Options for regulation: Option 1—Allow the relief to expire and require full compliance

### Key points

Option 1 for the regulation of employee redundancy funds under the Corporations Act is to allow [ASIC Instrument 2015/1150](#) to expire: see proposal C1.

If the relief is allowed to expire, fund operators would need to comply with all applicable requirements under the Corporations Act.

If Option 1 is adopted, we consider that there may be a need for a transition period after the relief expires to enable fund operators to take steps to comply with the relevant requirements. We are proposing that a transition period would apply until 1 September 2026: see proposal C2.

## An approach based on full compliance with the Corporations Act

- 23 ASIC Instrument 2015/1150 is due to expire on 1 April 2026. Option 1 for the regulation of employee redundancy funds is to allow the relief to expire. In the absence of relief, fund operators would generally be required to hold an AFS licence and register the fund as a managed investment scheme.

Note: A managed investment scheme must be registered when it has more than 20 members—see s601ED(1). We consider that existing employee redundancy funds may typically require registration, on the basis that employees are members of the scheme (as defined in s9 of the Corporations Act), the employees are retail clients and the scheme has more than 20 members.

### Proposal

- c1 Under Option 1, we would allow [ASIC Instrument 2015/1150](#) to expire and require fund operators to fully comply with the Corporations Act. A summary of the key Corporations Act provisions that may apply if the relief expires is set out in Table 1–Table 4 in the appendix.

#### Your feedback

- C1Q1 Please provide your feedback on this option, including reasons in support of your views.
- C1Q2 Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Option 2 and Option 3.
- C1Q3 Do you foresee any practical difficulties with this option?
- C1Q4 For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates.

## Rationale

- 24 If we continue to provide relief from compliance with the licensing, managed investment and associated provisions, employee redundancy funds will not be subject to important statutory protections that apply to other managed investment schemes. Those protections (set out in Table 1–Table 4 in the appendix) promote transparency, accountability and good governance, and are aimed at preventing misconduct.
- 25 In the absence of those protections, employee redundancy funds could be exposed to risks like losses as a result of poor management or misappropriation of members' funds.
- 26 With this context, it may be appropriate that we allow ASIC Instrument 2015/1150 to expire, and employee redundancy funds to be subject to the usual requirements applying to managed investment schemes.
- 27 Compared to Option 2 and Option 3, this option would involve employee redundancy funds and their operators being subject to the highest level of regulation under the Corporations Act. In turn, this option would result in the highest cost burden on these funds and their operators.

## Transition period to help fund operators comply with Option 1

### Proposal

- c2 If we adopt Option 1, we propose that a transition period would apply until 1 September 2026. We would extend [ASIC Instrument 2015/1150](#) until this date.

#### *Your feedback*

- C2Q1 Do you agree with ASIC providing a transition period if this option is adopted? Please provide reasons.
- C2Q2 If a transition period is provided, do you agree with the proposed end date of 1 September 2026? Please provide reasons.

## Rationale

- 28 We consider that a transition period would be necessary and appropriate for Option 1. If we adopt Option 1 as our final position, operators of existing funds will need to take steps to comply with the provisions of the Corporations Act. This includes ensuring compliance with the licensing and managed investment provisions.
- 29 We have proposed a transition period that would apply until 1 September 2026. Given we are aiming to release our final position in late 2025, we consider this will provide sufficient time for fund operators to apply for an AFS licence, register the fund and establish new compliance arrangements.

## D Options for regulation: Option 2—Grant relief from specific obligations

### Key points

Option 2 for the regulation of employee redundancy funds under the Corporations Act is for ASIC to grant relief to fund operators from certain obligations that may not suit the nature of the funds: see proposals D1 and D2. A fund operator would be required to comply with all other applicable provisions of the Corporations Act.

Similar to Option 1, we consider that there may be a need for a transition period after the relief expires to enable fund operators to take steps to comply with the relevant requirements. We are proposing that a transition period would apply until 1 September 2026: see proposal D3.

### An approach based on partial compliance with the Corporations Act and limited relief

- 30 Option 2 requires fund operators to comply with the obligations under Corporations Act that apply to their funds, while also providing relief from certain obligations.
- 31 Under this approach, fund operators would be required to hold an AFS licence. The relief that we may grant could be:
- (a) limited relief from obligations where strict compliance may not be practical—see Option 2(a) at proposal D1; or
  - (b) in addition to the relief mentioned in paragraph 31(a), wider relief from the managed investment obligations that may not fit the nature of the fund—see Option 2(b) at proposal D2.

### Option 2(a): Limited relief from provisions that result in practical compliance issues

#### Proposal

- D1 Under Option 2(a):
- (a) we would grant relief to fund operators and persons that provide financial services in relation to the fund. The relief would be limited to the requirements of the Corporations Act that are not practicable to comply with, given the nature of the fund;

- (b) fund operators would be required to notify ASIC of their reliance on the relief; and
- (c) fund operators would be required to hold an AFS licence and comply with other applicable requirements of the Corporations Act.

Note: A summary of the provisions that would apply and the provisions from which relief would be granted is set out in Table 1–Table 4 in the appendix.

#### *Your feedback*

- D1Q1 Please provide your feedback on this option, including reasons in support of your views.
- D1Q2 Do you agree with the provisions from which relief would be granted? If not, why?
- D1Q3 Do you consider the relief should be subject to any additional conditions? Please give reasons. For example, should we impose a condition for tailored information to be provided to employers and employees about the fund?
- D1Q4 Do any of the other provisions in Table 1–Table 4 in the appendix also result in compliance issues that require relief? If so, please provide details.
- D1Q5 Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Option 1, Option 2(b) and Option 3.
- D1Q6 Do you foresee any practical difficulties with this option?
- D1Q7 For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates.

### **Rationale**

- 32 We have proposed to substantially require fund operators to comply with the obligations that apply to operators of other managed investment schemes for the same reasons as outlined for Option 1, including the size of the funds under management and potential risks of loss and misconduct.
- 33 Option 2(a) seeks to strike a balance between requiring fund operators to comply with the Corporations Act and providing relief where compliance is impracticable and the regulatory detriment is minimal. This option would achieve increased transparency over a fund's operation and a prescribed governance framework for fund operators. However, it would respond to circumstances where strict compliance may not be appropriate, given the nature of these funds.
- 34 In comparison to Option 1, this approach is more tailored and removes some regulatory obligations where appropriate. It does not give fund operators the more extensive relief contemplated under Option 2(b) or Option 3.



### Provisions for which relief would be granted

35 It is arguable that there are some provisions of the Corporations Act where strict compliance may not be practicable, given the nature of these funds and where the regulatory detriment of granting relief would be minimal. Our preliminary view is that the following provisions may fall into this category:

- (a) *The disclosure provisions (see Pt 7.9)*—Unlike other schemes, the members of the fund (i.e. the employees) are not making an investment decision or submitting an application to acquire an interest each time a contribution is made on their behalf. Contributions are automatically made on behalf of the employee by the employer in accordance with the relevant employment award or agreement. Further, the general content requirements for a Product Disclosure Statement (PDS) are not tailored to this type of fund and may provide an employee with unnecessary and confusing information.
- (b) Given the absence of a PDS, we are seeking feedback on whether conditions should be imposed on the relief to provide tailored information to employers and employees about the fund (see question D1Q3).

Note: For an example of a condition that could be imposed to require fund operators to disclose key information about the fund, see Section E and proposal E1(b).

- (c) *The design and distribution obligations (see Pt 7.8A)*—Given relief from the PDS regime is proposed, relief would also be afforded from these obligations.
- (d) *The hawking provisions (see Pt 7.8)*—Our understanding is that strict compliance with these provisions, which prohibit unsolicited offers of financial products, may be problematic for employee redundancy fund operators or persons that promote the fund. This is because the employee does not approach the fund operator to acquire their interest in the fund. The employee is instead enrolled as a member into the fund once they start employment and contributions are made on their behalf into the fund selected by their employer. This arrangement may involve an unsolicited offer of a financial product (i.e. an interest in a managed investment scheme).

### Provisions that would apply to fund operators

36 As outlined for Option 1, the licensing and managed investment provisions in the Corporations Act would be imposed on funds to provide better transparency, set conduct standards for fund operators and protect members' interests.

37 However, we invite feedback on whether relief should be granted from any of the licensing or managed investment provisions that also result in practical compliance issues: see question D1Q4. If strict compliance is possible but the provisions are viewed as unduly burdensome for fund operators, this feedback can be provided in your response to our Options (2)(b) and Option 3.

## Option 2(b): Relief from the managed investment provisions and those provisions that result in practical compliance issues

### Proposal

D2 Under Option 2 (b):

- (a) we would grant relief to fund operators and persons that provide financial services in relation to the fund from:
  - (i) the managed investment provisions in Table 2, other than the obligation to hold the fund property on trust for the members; and
  - (ii) requirements of the Corporations Act that are not practicable to comply with given the nature of the fund as outlined under Option 2(a);
- (b) fund operators would be required to notify ASIC of their reliance on the relief; and
- (c) fund operators would be required to hold an AFS licence and comply with other applicable requirements of the Corporations Act. This would include an obligation to prepare annual audited financial statements for the fund.

Note: A summary of the provisions that would apply and the provisions from which relief would be granted is set out in Table 1–Table 4 in the appendix.

### Your feedback

- D2Q1 Please provide your feedback on this option, including reasons in support of your views.
- D2Q2 Do you agree with the provisions from which relief would be granted? If not, why?
- D2Q3 Do you consider the relief should be subject to any additional conditions? Please give reasons. For example, should we impose a condition for tailored information to be provided to employers and employees about the fund?
- D2Q4 Do any of the other provisions in Table 1–Table 4 in the appendix also result in compliance issues that require relief? If so, please provide details.
- D2Q5 Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Option 1, Option 2(a) and Option 3.
- D2Q6 Do you foresee any practical difficulties with this option?
- D2Q7 For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates.

### Rationale

38

We have proposed to balance compliance with core obligations of the Corporations Act with relief to reduce the compliance burden on operators.

- 39 In comparison to Option 1, this approach is less burdensome and does not require full compliance with the Corporations Act. The relief is broader than the relief under Option 2(a) and includes substantial relief from the managed investment provisions. It does not give fund operators the wider relief contemplated under Option 3.

#### **Provisions for which relief would be granted**

- 40 We have proposed to provide broad relief from the managed investment provisions. This is because these provisions may be burdensome, given the existing fiduciary obligations of the fund operator where assets are held on trust, the proposed overlay of obligations as an AFS licensee and the purpose of these funds.
- 41 The purpose of these funds differs from traditional managed investment schemes that are selected by members based on the underlying investment opportunity. Certain investor protections under the managed investment provisions may be viewed as less relevant for members of these funds—such as procedures for withdrawing from the scheme and holding member meetings.
- 42 Relief would also be granted from those provisions of the Corporations Act that result in practical compliance issues, which are outlined in Option 2(a). The rationale for this relief is explained in paragraph 35.

#### **Provisions that would apply to fund operators**

- 43 Similar to Option 2(a), a fund operator would be required to comply with the licensing provisions. This is intended to enhance and promote consistency in relation to the governance arrangements in place for fund operators. As previously outlined, operators of other managed investment schemes are required to hold an AFS licence.
- 44 A fund operator would also be required to comply with the following key aspects of the managed investment provisions and financial reporting obligations that we consider would protect the interests of members:
- (a) The obligation to prepare annual audited financial statements for the fund. This is intended to ensure there is increased transparency in relation to the use of the assets and financial position of the fund.
  - (b) The obligation to hold the fund property on trust for the members. This is intended to ensure that the fiduciary obligations that flow from holding assets on trust would apply to all fund operators.

## Transition period to help fund operators comply with Option 2(a) or Option 2(b)

### Proposal

- D3** If we adopt either Option 2(a) or Option 2(b), we propose that a transition period would apply until 1 September 2026. We would extend [ASIC Instrument 2015/1150](#) until this date.

#### *Your feedback*

- D3Q1** Do you agree with ASIC providing a transition period if this option is adopted? Please provide reasons.
- D3Q2** If a transition period is provided, do you agree with the proposed date of 1 September 2026? Please provide reasons.

### Rationale

- 45 We view that a transition period would be necessary and appropriate for Option 2. If we adopt either Option 2(a) or Option 2(b) as our final position, operators of existing funds will need to take steps to comply with the provisions of the Corporations Act for which we have not granted relief. This may include ensuring compliance with the licensing and managed investment provisions.
- 46 We have proposed a transition period would apply until 1 September 2026. Similar to the rationale in Option 1, we consider this will provide sufficient time for fund operators to:
- (a) apply for a licence and register the fund (if required); and
  - (b) establish new compliance arrangements.

## E Options for regulation: Option 3—Remake the existing relief with additional conditions

### Key points

Option 3 for regulation of employee redundancy funds under the Corporations Act is to remake [ASIC Instrument 2015/1150](#) with additional conditions: see proposal E1.

We are not proposing to provide a transition period for fund operators if this option is adopted.

### An approach based on remaking the relief with conditions

- 47 Another option is to remake ASIC Instrument 2015/1150 but to impose additional conditions on the relief. In the absence of compliance with the licensing and managed investment provisions, the conditions would operate to provide additional transparency and impose some conduct standards on fund operators.

### Proposal

- E1** Under Option 3, we would continue the existing relief in [ASIC Instrument 2015/1150](#), with additional conditions. Under the conditions of the relief, fund operators would need to:
- (a) hold the fund property on trust for the members and separately from the property of the operator and any other scheme;
  - (b) make publicly available key information about the fund (e.g. by uploading it on the fund's website), including details of:
    - (i) what contributions will be used for;
    - (ii) the rights of members, including their rights to receive payments from the fund and whether members will share in the returns or losses of the fund;
    - (iii) the availability of annual financial statements for the fund (see the condition in proposal E1(c));
    - (iv) any agreements under which money may be paid from assets of the fund to related parties or affiliates of the fund operator;
    - (v) any amounts that may be deducted from the assets of the fund as fees;
    - (vi) relevant risks; and
    - (vii) how complaints from employers and employees will be dealt with;
  - (c) prepare annual audited financial statements for the fund and make them publicly available (e.g. by uploading it on the fund's website);

- (d) have in place adequate arrangements for the management of conflicts of interest; and
- (e) notify ASIC in writing of reliance on the exemption and the name of the fund in relation to which the relief is being relied on. Fund operators must give this notice within 21 days of first relying on the relief.

#### *Your feedback*

- E1Q1 Please provide feedback on this option, including reasons in support of your views.
- E1Q2 Please provide feedback on each of the conditions in proposal E1(a)–E1(e), including whether you consider it would be a reasonable and practicable condition of relief. If you believe there should be no conditions on the relief, please explain why each proposed condition would not be reasonable or practicable.
- E1Q3 Are there any additional or alternate conditions that would be reasonable and practicable?
- E1Q4 Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Options 1 and 2.
- E1Q5 Do you foresee any practical difficulties with this option?
- E1Q6 For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates, including for each individual proposed condition.

## **Rationale**

- 48 We have previously received feedback from industry that allowing the relief to expire and requiring strict compliance with the AFS licensing, managed investment and associated provisions in the Corporations Act would cause hardship and risk disadvantage to the members of funds and their operators. Relief with tailored conditions may impose more appropriate requirements that can be complied with, while reducing this impact. The conditions placed on relief could operate to provide an uplift in transparency, accountability and good governance by fund operators.
- 49 We consider that the conditions of relief set out in proposals E1(a)–E1(e) are appropriate and reasonable.

### **Holding fund property on trust, separately from the property of any other scheme**

- 50 Requiring fund operators to hold fund property separately and on trust would help safeguard member entitlements by:
  - (a) ensuring that the fiduciary obligations that flow from holding assets on trust apply; and

- (b) reducing the risk of commingling or improper use of assets.

This would mirror protections in the managed investments regime in the Corporations Act.

### **Providing access to information about the fund**

- 51 Under the proposed relief, fund operators are not required to provide disclosure in a PDS. Given this, we consider requiring fund operators to make key information about the fund easily accessible to employers and employees would promote:

- (a) member understanding and transparency; and
- (b) accountability of fund operators.

### **Financial reporting**

- 52 Requiring fund operators to prepare and provide accurate and reliable financial information and make it publicly available would also promote transparency and accountability.

### **Managing conflicts of interests**

- 53 Fund operators would be expected to actively identify and appropriately manage any conflicts between their interests and the interests of the members of the fund, giving priority to the members' interests. This would align with the expectations of AFS licensees and responsible entities under the Corporations Act.

### **Notification to ASIC**

- 54 Under the current relief, fund operators must notify ASIC in writing when they rely on the relief and provide the name of the fund they operate. We are proposing to continue this condition, to ensure we are aware of all fund operators that are relying on the relief and funds operated.

## **No transition period required**

### **Proposal**

- E2 If Option 3 is adopted, we propose that a transition period would not apply. The remade relief, with conditions, would apply from 1 April 2026.

#### *Your feedback*

- E2Q1 Do you agree with ASIC not providing a transition period if this option is adopted? Please provide reasons.

## **Rationale**

- 55      If Option 3 is adopted, we expect that operators of existing funds will be able to comply with the conditions of relief by 1 April 2026. We expect that these operators will already have in place arrangements that comply with, or are able to be modified to comply with, the proposed conditions. We do not expect that these conditions will introduce additional burdens that require a significant amount of time to comply with. On that basis, we are not proposing to provide a transition period past 1 April 2026.



## F Regulatory and financial impact

- 56 Before settling on a final policy, we will comply with the Australian Government’s Policy Impact Analysis (PIA) requirements by:
- (a) considering all feasible options, including examining the likely impacts of the range of alternative options that could meet our policy objectives;
  - (b) if regulatory options are under consideration, notifying the Office of Impact Analysis (OIA); and
  - (c) if our proposed option has more than a minor or machinery impact on business or on the not-for-profit sector, preparing an Impact Analysis (IA) or an IA equivalent (Independent Review).

- 57 All IAs are submitted to the OIA for approval before we make any final decision, or if an IA equivalent—to the OIA for agreement. Without an approved IA or agreed IA equivalent, ASIC is unable to give relief or make any other form of regulation, including issuing a regulatory guide that contains regulation.

- 58 To ensure that we are in a position to properly complete any required IA or IA equivalent, please give us as much information as you can about our proposals or any alternative approaches, including:
- (a) the likely compliance costs;
  - (b) the likely effect on competition; and
  - (c) other impacts, costs and benefits.

See ‘The consultation process’, p. 4.

## Appendix: Summary of key Corporations Act provisions that would apply under Options 1, 2 and 3

59 Table 1–Table 4 summarises the key provisions of the Corporations Act that will apply, and the provisions we will provide relief from, to employee redundancy funds and their operators under Option 1, Option 2 and Option 3. The relief provided under Option 3 would be subject to the conditions described in proposal E1.

Note: This list is not intended to be exhaustive, and some obligations may not apply in particular circumstances. Fund operators would need to ensure they have determined and understood how the Corporations Act and other applicable laws apply to them and their fund(s) before the current relief expires.

**Table 1: How the licensing obligations would apply under the various options**

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Operator to hold an AFS licence</i> (s766A(1)(d) and s601FA)	Operating a registered scheme is a financial service. The responsible entity of a registered scheme must be a public company that holds an AFS licence authorising it to operate the scheme.	<b>Apply</b>	<b>Apply</b>	<b>Apply</b>	Relief
<i>General licensee obligations</i> (s912A)	As an AFS licensee, the responsible entity of a registered scheme must comply with a number of general conduct obligations. Some of these obligations are summarised in the rows below. This list is not intended to be exhaustive.  Note: For guidance on how we assess compliance with most of the general licensee obligations, see Regulatory Guide 104 <i>AFS licensing: Meeting the general obligations</i> ( <a href="#">RG 104</a> ).	<b>Apply</b>	<b>Apply</b>	<b>Apply</b>	Relief
<i>General licensee obligations: Act efficiently, honestly and fairly</i> (s912A(1)(a))	The AFS licensee must do all things necessary to ensure financial services are provided efficiently, honestly and fairly.	<b>Apply</b>	<b>Apply</b>	<b>Apply</b>	Relief

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>General licensee obligations:</i> Comply with licence conditions and financial services laws (s912A(1)(b)–912A(1)(c))	The AFS licensee must comply with the conditions on the AFS licence and comply with the financial services laws.	Apply	Apply	Apply	Relief
<i>General licensee obligations:</i> Manage conflicts of interest (s912A(1)(aa))	The AFS licensee must have in place adequate arrangements to manage conflicts of interest.  Note: For guidance on the management of conflicts of interest by AFS licensees, see Regulatory Guide 181 <i>Licensing: Managing conflicts of interest</i> ( <a href="#">RG 181</a> ).	Apply	Apply	Apply	Relief  Note: A similar requirement would be imposed as a condition of the relief.
<i>General licensee obligations:</i> Resource requirements (s912A(1)(d))	The AFS licensee must have available adequate resources (including financial, technological and human resources) to provide the financial services and carry out supervisory arrangements.  Responsible entities are subject to specific financial resource requirements under <a href="#">ASIC Corporations (Financial Requirements for Responsible Entities, IDPS Operators and Corporate Directors of Retail CCIVs) Instrument 2023/647</a> .  Note: For guidance on the financial requirements that AFS licensees meet, see Regulatory Guide 166 <i>AFS licensing: Financial requirements</i> ( <a href="#">RG 166</a> ). See Appendix 2 of RG 166 for guidance on the requirements that apply to responsible entities.	Apply	Apply	Apply	Relief
<i>General licensee obligations:</i> Organisational competence (s912A(1)(e)–912A(1)(f))	The AFS licensee must maintain the competence to provide the authorised financial services and ensure that its representatives are adequately trained.	Apply	Apply	Apply	Relief
<i>General licensee obligations:</i> Risk management (s912A(1)(h))	The AFS licensee must have adequate risk management systems.  Note: For guidance on the risk management systems of responsible entities, see Regulatory Guide 259 <i>Risk management systems of fund operators</i> ( <a href="#">RG 259</a> ).	Apply	Apply	Apply	Relief

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>General licensee obligations:</i> Dispute resolution  (s912A(1)(g), 912A(2) and 912A(2A), and reg 7.6.03C of the <i>Corporations Regulations</i> 2001)	The AFS licensee must have an internal dispute resolution (IDR) system that complies with ASIC requirements and be a member of the Australian Financial Complaints Authority (AFCA) scheme.  Note: For guidance on what AFS licensees must do to have an IDR system in place that meets ASIC's standards and requirements, see Regulatory Guide 271 <i>Internal dispute resolution</i> ( <a href="#">RG 271</a> ). Regulatory Guide 267 <i>Oversight of the Australian Financial Complaints Authority</i> ( <a href="#">RG 267</a> ) sets out our expectation for responsible entities to be a member of AFCA.	Apply	Apply	Apply	Relief
<i>General licensee obligations:</i> Supervise representatives  (s912A(1)(ca))	The AFS licensee must take reasonable steps to ensure that its representatives comply with the financial services laws	Apply	Apply	Apply	Relief
<i>General licensee obligations:</i> Compensation arrangements  (s912B)	The AFS licensee must have compliant arrangements to compensate retail clients for loss or damage suffered because of breaches of the financial services obligations by itself or its representatives.  Note: For guidance on how ASIC administers the compensation requirements for retail clients, see Regulatory Guide 126 <i>Compensation and insurance arrangements for AFS licensees</i> ( <a href="#">RG 126</a> ).	Apply	Apply	Apply	Relief

**Table 2: How the managed investment obligations would apply under the various options**

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Register a managed investment scheme</i>  (s601ED)	A managed investment scheme must be registered if it has more than 20 members. We expect that existing employee redundancy funds may typically require registration, on the basis that there are more than 20 employees who are members of the scheme.  Note: For guidance on establishing and registering managed investment schemes, see Regulatory Guide 131 <i>Funds management: Establishing and registering a fund</i> ( <a href="#">RG 131</a> ).	Apply	Apply	Relief	Relief

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Managed investment provisions</i> (Ch 5C)	Registered schemes are subject to the obligations in Ch 5C of the Corporations Act. Some of these obligations are summarised in the rows below. This list is not intended to be exhaustive.  Note: In addition to the guidance listed below, we have provided guidance to operators of managed investment schemes at <a href="#">Fund operators</a> on the ASIC website.	<b>Apply</b>	<b>Apply</b>	Relief	Relief
<i>Managed investment provisions: Statutory duties—Responsible entity</i> (s601FC)	The responsible entity must comply with statutory duties when exercising its powers and carrying out its duties, including: <ul style="list-style-type: none"> <li>• acting honestly and exercising the degree of care and diligence that a reasonable person would exercise if they were in the responsible entity's position;</li> <li>• acting in the best interests of the members and, if there is a conflict between the members' interests and its own interests, giving priority to the members' interests; and</li> <li>• treating members who hold interests of the same class equally, and members who hold interests of different classes fairly.</li> </ul>	<b>Apply</b>	<b>Apply</b>	Relief	Relief
<i>Managed investment provisions: Statutory duties—Officers of the responsible entity</i> (s601FD)	Officers of the responsible entity are also subject to statutory duties, including: <ul style="list-style-type: none"> <li>• acting honestly and exercising the degree of care and diligence that a reasonable person would exercise if they were in the officer's position;</li> <li>• acting in the best interests of the members and, if there is a conflict between the members' interests and the interests of the responsible entity, giving priority to the members' interests;</li> <li>• not improperly using information obtained as an officer, or their position, or using information to cause detriment to members of the scheme; and</li> <li>• taking all reasonable steps to ensure the responsible entity complies with the Corporations Act, its licence conditions, and the scheme's constitution and compliance plan.</li> </ul>	<b>Apply</b>	<b>Apply</b>	Relief	Relief

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Managed investment provisions:</i> Statutory duties—Employees of the responsible entity (s601FE)	Employees of the responsible entity must not make improper use of information obtained as an employee, or their position, or use information to cause detriment to members of the scheme	Apply	Apply	Relief	Relief
<i>Managed investment provisions:</i> Scheme property held on trust (s601FC(2))	The responsible entity must hold scheme property on trust for the members of the scheme	Apply	Apply	Apply	Relief  Note: A similar requirement would be imposed as a condition of the relief.
<i>Managed investment provisions:</i> Scheme constitution (s601GA and 601GB)	A registered scheme must have a constitution that is legally enforceable between the members and the responsible entity. The constitution must make adequate provision for: <ul style="list-style-type: none"> <li>the consideration that is to be paid to acquire an interest in the scheme;</li> <li>the powers of the responsible entity in relation to making investments of, or otherwise dealing with, scheme property;</li> <li>the method for dealing with complaints by members; and</li> <li>winding up the scheme.</li> </ul> Note: For guidance on the content requirements for scheme constitutions, see Regulatory Guide 134 <i>Funds management: Constitutions</i> ( <a href="#">RG 134</a> ).	Apply	Apply	Relief	Relief
<i>Managed investment provisions:</i> Fees and indemnities (s601GA(2))	If the responsible entity is to have any rights to be paid fees out of scheme property, or to be indemnified out of scheme property for liabilities or expenses incurred in relation to the performance of its duties, those rights must be specified in the scheme's constitution. These rights must also be available only in relation to the proper performance of those duties.	Apply	Apply	Relief	Relief

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Managed investment provisions: Compliance plan</i> (s601HA and 601FC(1)(g))	<p>A registered scheme must have a compliance plan. The compliance plan must set out adequate measures that the responsible entity is to apply in operating the scheme to ensure compliance with the Corporations Act and the scheme's constitution, including measures for a number of specified matters such as valuing scheme property and record keeping.</p> <p>The responsible entity's compliance with the compliance plan must be audited on an annual basis.</p> <p>Note: For guidance on the compliance and oversight obligations of responsible entities, including compliance plans, see Regulatory Guide 132 <i>Funds management: Compliance and oversight</i> (<a href="#">RG 132</a>).</p>	Apply	Apply	Relief	Relief
<i>Managed investment provisions: External directors or compliance committee</i> (s601JA)	<p>If less than half of the directors of the responsible entity are external directors (as defined in s601JA(2)), then a compliance committee must be established. The committee monitors compliance with the scheme's compliance plan and the Corporations Act and must report breaches to ASIC if the responsible entity does not take appropriate action.</p> <p>Note: For guidance on the compliance and oversight obligations of responsible entities, including compliance committees, see RG 132.</p>	Apply	Apply	Relief	Relief

**Table 3: How the financial reporting obligations would apply under the various options**

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Financial reports, sustainability reports and audits</i> (Ch 2M, s292(1), 292A and 319)	<p>Responsible entities must prepare a financial report and directors' report each financial year for its registered schemes. They must lodge these reports, together with the auditor's reports, online with ASIC.</p> <p>Registered schemes must also prepare sustainability reports if they meet the value of assets threshold in s292A(6).</p>	Apply	Apply	Apply	Relief  Note: A similar requirement would be imposed as a condition of the relief.

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Licensee reporting</i> (s989B)	AFS licensees must prepare annual audited financial statements and lodge them with ASIC.	<b>Apply</b>	<b>Apply</b>	<b>Apply</b>	Relief

**Table 4: How other obligations would apply under the various options**

Obligation	Explanation	Option 1	Option 2(a)	Option 2(b)	Option 3
<i>Disclosure</i> (Pt 7.9)	<p>Responsible entities must comply with disclosure obligations under Ch 7 of the Corporations Act. This includes providing a PDS when issuing a financial product to a retail client, unless an exception applies.</p> <p>The PDS must contain specified information, including about:</p> <ul style="list-style-type: none"> <li>• the benefits, risks and costs of the product; and</li> <li>• any other information that might reasonably be expected to have a material influence on a retail client's decision whether to acquire the product.</li> </ul> <p>Note: For guidance on the disclosure obligations, see Regulatory Guide 168 <i>Disclosure: Product Disclosure Statements (and other disclosure obligations)</i> (<a href="#">RG 168</a>).</p>	<b>Apply</b>	Relief	Relief	Relief  Note: A similar requirement would be imposed as a condition of the relief.
<i>Design and distribution obligations</i> (Pt 7.8)	<p>These obligations requires issuers and distributors of financial products to ensure that consumers obtain products that are likely to be consistent with that consumers' objectives, financial situation and needs.</p> <p>Note: For guidance on the design and distribution obligations, see Regulatory Guide 274 <i>Product design and distribution obligations</i> (<a href="#">RG 274</a>).</p>	<b>Apply</b>	Relief	Relief	Relief
<i>Hawking</i> (s992A)	<p>A person must not offer a financial product to a retail client in the course of, or because of, unsolicited, real-time contact. A consumer must consent to being contacted, and that consent must be positive, voluntary and clear.</p> <p>Note: For guidance on the hawking prohibition, see Regulatory Guide 38 <i>The hawking prohibition</i> (<a href="#">RG 38</a>).</p>	<b>Apply</b>	Relief	Relief	Relief



## Key terms

Term	Meaning in this document
AFCA	Australian Financial Complaints Authority—the external dispute resolution scheme for which an authorisation under Pt 7.10A of the Corporations Act is in force
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services  Note: This is a definition contained in s9.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act
ASIC Instrument 2015/1150 (for example)	An ASIC instrument (in this example numbered 2015/1150)
associated provisions	The disclosure obligations in Pt 7.9 and the hawking prohibition in Pt 7.8 of the Corporations Act
Corporations Act	The <i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
CS 9 (for example)	An ASIC consultation (in this example numbered 9)
employee entitlement scheme	A scheme to which employers may make, or are required by an award or agreement to make, contributions where the primary objective of the scheme is to fund: <ul style="list-style-type: none"> <li>• benefits payable on redundancy; and/or</li> <li>• long-service leave entitlements, for employees of employers.</li> </ul> <p>The scheme may also fund other entitlements that are incidental to employment</p>
employee redundancy fund	A scheme to which employers may make, or are required by an award or agreement to make, contributions where the primary objective of the scheme is to fund redundancy entitlements and other entitlements, incidental to employment, for employees of the employers

Term	Meaning in this document
financial product	<p>Generally, a facility through which, or through the acquisition of which, a person does one or more of the following:</p> <ul style="list-style-type: none"> <li>• makes a financial investment (see s763B);</li> <li>• manages financial risk (see s763C);</li> <li>• makes non-cash payments (see s763D)</li> </ul> <p>Note: See Div 3 of Pt 7.1 of the Corporations Act for the exact definition. In addition to the general categories above, this specifies certain things as being included or excluded from the definition.</p>
FBT Act	<i>Fringe Benefits Tax Assessment Act 1986</i>
fund operator	An operator of an employee redundancy fund
IDR	Internal dispute resolution
licensing provisions	The Australian financial services licensing regime under Pts 7.6–7.8 of the Corporations Act, including regulations made for the purposes of those parts
managed investment provisions	The provisions set out in Ch 5C of the Corporations Act, including regulations made for the purpose of that chapter in the <i>Corporations Regulations 2001</i>
managed investment scheme	Has the meaning given in s9 of the Corporations Act
member	Has the meaning given in s9 of the Corporations Act
Pt 7.6 (for example)	A part of the Corporations Act (in this example numbered 7.6), unless otherwise specified
registered scheme	A managed investment scheme that is registered under s601EB of the Corporations Act
retail client	A client as defined in s761G and 761GA of the Corporations Act and Div 2 of Pt 7.1 of the <i>Corporations Regulations 2001</i>
RG 104 (for example)	An ASIC regulatory guide (in this example numbered 104)
s912A (for example)	A section of the Corporations Act (in this example numbered 912A), unless otherwise specified
[SCO 00/1156] (for example)	<p>A superseded ASIC class order (in this example numbered 00/1156)</p> <p>Note: Legislative instruments made from 2015 are referred to as ASIC instruments.</p>

# List of proposals and questions

Proposal	Your feedback
<p><b>B1</b> We are proposing to rename ‘employee redundancy funds’. We would use the term ‘employee entitlement schemes’ and adopt the following definition:</p> <p>A scheme to which employers may make, or are required by an award or agreement to make, contributions where the primary objective of the scheme is to fund:</p> <ul style="list-style-type: none"> <li>(a) benefits payable on redundancy; and/or</li> <li>(b) long-service leave entitlements, for employees of employers.</li> </ul> <p>The scheme may also fund other entitlements that are incidental to employment.</p> <p>We would use the new term and definition in relevant guidance and any relief we grant.</p>	<p><b>B1Q1</b> Do you agree with our proposed new term and definition? Please provide reasons.</p> <p><b>B1Q2</b> Are there other employee entitlements (beyond redundancy and long-service leave) that should be included as primary objectives in our new definition? Please provide details.</p> <p><b>B1Q3</b> Is there an alternative definition that you consider is preferable? For example, should we require that an ‘employee entitlement scheme’ is an ‘approved worker entitlement fund’, as defined under s58PB of the Fringe Benefits Tax Assessment Act 1986 (FBT Act)? Please provide reasons.</p> <p><b>B1Q4</b> Do you consider that our definition should include any further limitations on the objectives of the fund, or are there any specific arrangements that should be excluded from the definition (with the requirements that apply to these excluded arrangements instead considered on a case-by-case basis)? If so, please provide details.</p> <p><b>B1Q5</b> For existing fund operators, will changing the definition as proposed affect the operation of the fund? If so, please provide details of the impact.</p>
<p><b>C1</b> Under Option 1, we would allow ASIC Instrument 2015/1150 to expire and require fund operators to fully comply with the Corporations Act. A summary of the key Corporations Act provisions that may apply if the relief expires is set out in Table 1–Table 4 in the appendix.</p>	<p><b>C1Q1</b> Please provide your feedback on this option, including reasons in support of your views.</p> <p><b>C1Q2</b> Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Option 2 and Option 3.</p> <p><b>C1Q3</b> Do you foresee any practical difficulties with this option?</p> <p><b>C1Q4</b> For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates.</p>
<p><b>C2</b> If we adopt Option 1, we propose that a transition period would apply until 1 September 2026. We would extend ASIC Instrument 2015/1150 until this date.</p>	<p><b>C2Q1</b> Do you agree with ASIC providing a transition period if this option is adopted? Please provide reasons.</p> <p><b>C2Q2</b> If a transition period is provided, do you agree with the proposed end date of 1 September 2026? Please provide reasons.</p>

Proposal	Your feedback
<p>D1 Under Option 2(a):</p> <ul style="list-style-type: none"> <li>(a) we would grant relief to fund operators and persons that provide financial services in relation to the fund. The relief would be limited to the requirements of the Corporations Act that are not practicable to comply with, given the nature of the fund;</li> <li>(b) fund operators would be required to notify ASIC of their reliance on the relief; and</li> <li>(c) fund operators would be required to hold an AFS licence and comply with other applicable requirements of the Corporations Act.</li> </ul> <p>Note: A summary of the provisions that would apply and the provisions from which relief would be granted is set out in Table 1–Table 4 in the appendix.</p>	<p>D1Q1 Please provide your feedback on this option, including reasons in support of your views.</p> <p>D1Q2 Do you agree with the provisions from which relief would be granted? If not, why?</p> <p>D1Q3 Do you consider the relief should be subject to any additional conditions? Please give reasons. For example, should we impose a condition for tailored information to be provided to employers and employees about the fund?</p> <p>D1Q4 Do any of the other provisions in Table 1–Table 4 in the appendix also result in compliance issues that require relief? If so, please provide details.</p> <p>D1Q5 Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Option 1, Option 2(b) and Option 3.</p> <p>D1Q6 Do you foresee any practical difficulties with this option?</p> <p>D1Q7 For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates.</p>

Proposal	Your feedback
<p>D2 Under Option 2 (b):</p> <ul style="list-style-type: none"> <li>(a) we would grant relief to fund operators and persons that provide financial services in relation to the fund from: <ul style="list-style-type: none"> <li>(i) the managed investment provisions in Table 2, other than the obligation to hold the fund property on trust for the members; and</li> <li>(ii) requirements of the Corporations Act that are not practicable to comply with given the nature of the fund as outlined under Option 2(a);</li> </ul> </li> <li>(b) fund operators would be required to notify ASIC of their reliance on the relief; and</li> <li>(c) fund operators would be required to hold an AFS licence and comply with other applicable requirements of the Corporations Act. This would include an obligation to prepare annual audited financial statements for the fund.</li> </ul> <p>Note: A summary of the provisions that would apply and the provisions from which relief would be granted is set out in Table 1–Table 4 in the appendix.</p>	<p>D2Q1 Please provide your feedback on this option, including reasons in support of your views.</p> <p>D2Q2 Do you agree with the provisions from which relief would be granted? If not, why?</p> <p>D2Q3 Do you consider the relief should be subject to any additional conditions? Please give reasons. For example, should we impose a condition for tailored information to be provided to employers and employees about the fund?</p> <p>D2Q4 Do any of the other provisions in Table 1–Table 4 in the appendix also result in compliance issues that require relief? If so, please provide details.</p> <p>D2Q5 Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Option 1, Option 2(a) and Option 3.</p> <p>D2Q6 Do you foresee any practical difficulties with this option?</p> <p>D2Q7 For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates.</p>
<p>D3 If we adopt either Option 2(a) or Option 2(b), we propose that a transition period would apply until 1 September 2026. We would extend ASIC Instrument 2015/1150 until this date.</p>	<p>D3Q1 Do you agree with ASIC providing a transition period if this option is adopted? Please provide reasons.</p> <p>D3Q2 If a transition period is provided, do you agree with the proposed date of 1 September 2026? Please provide reasons.</p>

Proposal	Your feedback
<p>E1 Under Option 3, we would continue the existing relief in ASIC Instrument 2015/1150, with additional conditions. Under the conditions of the relief, fund operators would need to:</p> <ul style="list-style-type: none"> <li>(a) hold the fund property on trust for the members and separately from the property of the operator and any other scheme;</li> <li>(b) make publicly available key information about the fund (e.g. by uploading it on the fund's website), including details of: <ul style="list-style-type: none"> <li>(i) what contributions will be used for;</li> <li>(ii) the rights of members, including their rights to receive payments from the fund and whether members will share in the returns or losses of the fund;</li> <li>(iii) the availability of annual financial statements for the fund (see the condition in proposal E1(c));</li> <li>(iv) any agreements under which money may be paid from assets of the fund to related parties or affiliates of the fund operator;</li> <li>(v) any amounts that may be deducted from the assets of the fund as fees;</li> <li>(vi) relevant risks; and</li> <li>(vii) how complaints from employers and employees will be dealt with;</li> </ul> </li> <li>(c) prepare annual audited financial statements for the fund and make them publicly available (e.g. by uploading it on the fund's website);</li> <li>(d) have in place adequate arrangements for the management of conflicts of interest; and</li> <li>(e) notify ASIC in writing of reliance on the exemption and the name of the fund in relation to which the relief is being relied on. Fund operators must give this notice within 21 days of first relying on the relief.</li> </ul>	<p>E1Q1 Please provide feedback on this option, including reasons in support of your views.</p> <p>E1Q2 Please provide feedback on each of the conditions in proposal E1(a)–E1(e), including whether you consider it would be a reasonable and practicable condition of relief. If you believe there should be no conditions on the relief, please explain why each proposed condition would not be reasonable or practicable.</p> <p>E1Q3 Are there any additional or alternate conditions that would be reasonable and practicable?</p> <p>E1Q4 Is this your preferred option for the regulation of employee redundancy funds? If so, please explain why you prefer it over Options 1 and 2.</p> <p>E1Q5 Do you foresee any practical difficulties with this option?</p> <p>E1Q6 For existing fund operators, what additional compliance costs do you expect to incur if this option is adopted? Please provide specific details and dollar estimates, including for each individual proposed condition.</p>
<p>E2 If Option 3 is adopted, we propose that a transition period would not apply. The remade relief, with conditions, would apply from 1 April 2026.</p>	<p>E2Q1 Do you agree with ASIC not providing a transition period if this option is adopted? Please provide reasons.</p>