20 February 2026

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Senior Executive Leader
Financial Advice and Investment Management
Australian Securities and Investment Commission
Level 5/100 Market St
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via email: rri.consultation@asic.gov.au

Dear [redacted]

RE: ASIC Simple Consultation 38 Proposed Relief for Disclosure of Private Debt and Simple Consultation 39 Proposed Change to Stamp Duty Disclosure Requirements

The Financial Services Council (**FSC**) welcomes the opportunity to provide a submission to the Australian Securities and Investments Commission's (**ASIC's**) Simple Consultations 38 and 39, which propose amendments to the disclosure of private debt arrangements and stamp duty under *Regulatory Guide 97 Disclosing fees and costs in PDSs and periodic statements* (**RG 97**).

The FSC supports ASIC's objective of ensuring that fee and cost disclosures remain transparent, comparable and meaningful for consumers. RG 97 plays an important role in supporting informed decision-making and confidence in the superannuation and managed funds sectors. The FSC recognises the need to periodically refine the framework to ensure it continues to reflect the economic reality of investment costs while avoiding unnecessary volatility or distortion in disclosed outcomes.

While the proposed amendments are broadly supported, members have identified several practical and operational issues that warrant further consideration. In relation to stamp duty, these include the risk of disproportionate cost recognition for newer products, inconsistent disclosures between products holding identical assets, and potential misalignment with existing unit pricing and accounting practices. Without targeted refinement, these issues may undermine comparability and create confusion for consumers.

In relation to portfolio holdings disclosure and private debt arrangements, members support the policy intent of the proposed relief but have highlighted the scale of system, data and governance changes required to implement the reforms. Adequate implementation timeframes will be critical to ensure that the changes can be adopted in an orderly and consistent manner.

This submission focuses on these practical considerations and outlines targeted recommendations to support ASIC's objectives while promoting consistent, workable and consumer-focused disclosure outcomes.

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About the Financial Services Council

The FSC is a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, and financial advice licensees.

The financial services industry is responsible for investing more than $3 trillion on behalf of over 15.6 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is one of the largest pools of managed funds in the world.

Summary of Recommendations

1. Retain stamp duty within RG 97 disclosures and support smoothing over time to reflect its long-term, capital nature;
2. Amend the proposed framework to allow stamp duty to be disclosed on a straight-line basis over a clearly defined period, rather than by reference to rolling historical averages.;
3. Provide clear guidance on the application, transition and ongoing operation of the smoothing framework, including treatment of existing assets, mixed portfolios and common transactional scenarios, to ensure consistent and workable implementation;
4. If smoothing is adopted, prescribe a single smoothing period and ensure that the timing applied for RG 97 disclosure aligns with unit pricing treatment to maintain consistency and comparability across funds;
5. Clarify the stamp duty calculation methodology and reconsider the requirement for additional explanatory disclosure where stamp duty is not separately disclosed; and
6. Proceed with the proposed class relief for internally managed private debt arrangements and provide sufficient implementation lead time to support effective and orderly adoption.

Retain Stamp Duty in RG 97 and Support Smoothing Over Time

Stamp duty is a genuine and material cost incurred in the acquisition of property and infrastructure assets. The FSC supports its continued inclusion within RG 97 transaction cost disclosures to ensure that reported fees and costs accurately reflect the costs borne by members and investors. Excluding stamp duty would reduce transparency and undermine comparability across asset classes by making certain investments appear artificially lower cost.

At the same time, stamp duty is typically incurred as a one-off, capital expense and can introduce significant volatility into annual fee disclosures if recognised in full in a single year. The FSC therefore supports ASIC's proposal to smooth stamp duty over time, as this approach better reflects the long-term nature of property investments and improves the stability and usefulness of disclosed cost information for consumers.

RECOMMNEDATION 1
Retain stamp duty within RG 97 disclosures and support smoothing over time to reflect its long-term, capital nature.

Adopt a Straight-Line Allocation Approach to Smoothing

While the FSC supports the principle of smoothing, members have raised concerns about the practical effects of the proposed averaging methodology. Under the draft instrument, stamp duty is calculated by reference to average annual stamp duty over historical periods, with different treatment depending on how long a product has been offered. This creates a risk that similar products may report materially different transaction costs based solely on product age.

Members are concerned that this approach may lead to new or recently launched products disclosing a disproportionately large share of stamp duty in early years, potentially resulting in higher disclosed costs than under the current framework. Products holding identical assets may therefore report different transaction costs over time, undermining comparability and potentially confusing consumers.

The FSC considers that a straight-line allocation approach would provide more intuitive and consistent disclosure outcomes than rolling historical averages. Under this approach, the total amount of stamp duty incurred in acquiring an asset would be allocated evenly over a defined period, for example seven years, with one-seventh disclosed each year during that period. This would avoid front-loading, improve comparability between products, and provide greater predictability in reported transaction costs.

Members acknowledge that, for portfolios containing real estate and other illiquid assets, any smoothing model involves a degree of administrative complexity. However, a clearly defined straight-line allocation over a prescribed period is likely to be simpler to apply and easier to explain than a rolling historical averaging methodology.

For this reason, if smoothing is adopted, the FSC considers that a straight-line allocation over a clearly defined period would better achieve the objective of reducing volatility while preserving transparency and comparability.

RECOMMENDATION 2
Amend the proposed framework to allow stamp duty to be disclosed on a straight-line basis over a clearly defined period, rather than by reference to rolling historical averages.

Clarify the Application and Transition of the Framework

Regardless of whether ASIC adopts a straight-line allocation approach or a historical averaging methodology, members have highlighted the importance of clear and comprehensive guidance on how any new smoothing framework is intended to operate in practice.

In particular, there is currently uncertainty as to how the revised methodology would apply to existing assets, newly acquired assets, and products with mixed portfolios. Without clear direction on transitional arrangements, timing, and scope, there is a risk that different entities will adopt divergent approaches, leading to inconsistent disclosure outcomes and reduced

comparability for consumers.

Members have also noted the need for clarity on how smoothing should operate in complex portfolios containing multiple assets acquired at different points in time, particularly in relation to portfolio rebalancing, partial disposals, and asset revaluations. These issues are especially relevant for property and other illiquid asset portfolios, where transaction activity is infrequent and holdings are typically long-term.

Uncertainty around these matters increases operational complexity, raises compliance risk, and may require conservative interpretations that do not align with the policy intent of the reforms. Clear and practical guidance will therefore be critical to support consistent and efficient implementation across the industry.

The FSC encourages ASIC to provide detailed transitional arrangements and worked examples illustrating how the revised framework should be applied in common scenarios. This would support consistent interpretation, reduce compliance risk, and promote high-quality disclosure outcomes.

RECOMMENDATION 3

Provide clear guidance on the application, transition and ongoing operation of the smoothing framework, including treatment of existing assets, mixed portfolios and common transactional scenarios, to ensure consistent and workable implementation.

Align the Smoothing Period with Industry Practice

Members have noted that the ASIC Unit Pricing Guide does not prescribe a specific smoothing period for property transaction costs, and practices across the industry may vary. Where funds smooth stamp duty for unit pricing purposes, this is typically done to reduce volatility in member pricing outcomes, but the applicable period is not mandated by regulatory guidance.

If ASIC adopts a defined smoothing period under RG 97, it will be important that the disclosure treatment and unit pricing treatment operate on a consistent basis. Misalignment between the period over which stamp duty is smoothed for unit pricing and the period used for RG 97 disclosure would create unnecessary complexity, increase reconciliation burdens, and risk confusion for trustees, auditors and members.

RECOMMENDATION 4

If smoothing is adopted, prescribe a single smoothing period and ensure that the timing applied for RG 97 disclosure aligns with unit pricing treatment to maintain consistency and comparability across funds.

Clarify Calculation Methodology and Explanatory Requirements

The FSC notes that the proposed amendments do not clearly specify whether entities must rely on multi-year historical averages in all cases, or whether stamp duty may continue to be calculated alongside other transaction costs based on the previous financial year. Clear guidance will be important to ensure consistent interpretation and implementation across the industry.

The FSC also notes that the draft instrument would require an explanation of how stamp duty has been calculated where relevant. As stamp duty is not required to be disclosed as a separate line item from other transaction costs, this requirement may add complexity without delivering meaningful additional benefit to consumers.

RECOMMENDATION 5
Clarify the stamp duty calculation methodology and reconsider the requirement for additional explanatory disclosure where stamp duty is not separately disclosed.

Implementation Timeframe of Private Debt Disclosure

The FSC supports ASIC's proposal to provide class relief for the disclosure of internally managed private debt arrangements. This relief will promote greater consistency between internally and externally managed structures and reduce unnecessary differences in disclosure treatment across the industry. Improved alignment will enhance comparability for investors while maintaining appropriate transparency around private debt exposures.

While members support the policy intent of the proposed relief, they have noted that implementation will involve material operational effort, including system development, data integration, changes to reporting processes, and updates to governance and control frameworks. These changes will require close coordination across fund managers, custodians, administrators and other service providers.

Adequate lead time following finalisation of the instruments will therefore be essential to support orderly adoption and minimise compliance and operational risk. Clear transitional guidance and realistic commencement timeframes will also be important to ensure consistent and effective implementation across the industry.

RECOMMENDATION 6
Proceed with the proposed class relief for internally managed private debt arrangements and provide sufficient implementation lead time to support effective and orderly adoption.

The FSC welcomes the opportunity to further discuss the matters outlined in this submission. To arrange a meeting, please contact me [redacted]

Yours sincerely

[redacted]

Policy Director, Investments and Funds Management