EXPOSURE DRAFT

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Superannuation Legislation Amendment (Transparency Measures) Regulation 2015

Select Legislative Instrument No.   , 2015

I, General the Honourable Sir Peter Cosgrove AK MC (Ret'd), Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following regulation.

Dated   2015

Peter Cosgrove
Governor-General

By His Excellency's Command

Kelly O'Dwyer **[DRAFT ONLY—NOT FOR SIGNATURE]**
Minister for Small Business and Assistant Treasurer

EXPOSURE DRAFT

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1 Name

This is the Superannuation Legislation Amendment (Transparency Measures) Regulation 2015.

2 Commencement

(1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information

Column 1	Column 2	Column 3
Provisions	**Commencement**	**Date/Details**
1. Sections 1 to 4 and anything in this instrument not elsewhere covered by this table	The day after this instrument is registered.	
2. Schedule 1	1 July 2016.	1 July 2016
3. Schedule 2	Immediately after the commencement of the provisions covered by table item 2.	1 July 2016

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

(2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under the *Corporations Act 2001*.

Schedule 1—Product dashboards

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Product dashboards

Corporations Regulations 2001

1 Subsection 7.9.01(1)

Insert:

> *dashboard reporting standard* has the meaning given by subregulation 7.9.07P(2).

2 Division 2E of Part 7.9

Repeal the Division, substitute:

Division 2E—Obligations to make information publicly available: certain superannuation entities

Subdivision 2E.1—Product dashboards

7.9.07L Source of power for this Subdivision

This Subdivision is made for the purposes of section 1017BA of the Act.

7.9.07M Qualifying choice investment options—excluded options

For the purposes of paragraph (b) of the definition of *qualifying choice investment option* in subsection 1017BA(5) of the Act, an investment option is excluded from that definition if the trustee, or the trustees, of the fund do not have the absolute discretion to vary or replace the financial products, or other property, allocated to the investment option.

Note: This absolute discretion would not exist if, for example, those financial products or other property could not be varied or replaced without first consulting a member who has selected the investment option.

Schedule 1—Product dashboards

7.9.07N Product dashboard—order of information and required text

(1) Information in a product dashboard must be ordered in the following way (and include the following text where specified):

(a) an overall heading containing:

    (i) if the dashboard is for a MySuper product or a lifecycle stage of a MySuper product—the words 'MySuper dashboard'; or

    (ii) otherwise—the word 'dashboard';

(b) under this heading, the following text:

'This dashboard is based on a representative member with a $50,000 balance. Use this dashboard to compare this option with other superannuation investment options.';

(c) under this text, the following text:

'Go to ASIC's MoneySmart website for more information about superannuation.';

(d) within or near this text, a link to that website (or to any replacement website ASIC prepares); and

(e) under this text and link, boxes in the following order with the following headings and text (square brackets show where information must be inserted):

STATEMENT OF FEES AND OTHER COSTS	LEVEL OF INVESTMENT RISK
$[ ] per year **(or [ ]% as a percentage of $50,000)** This is made up of: Investment fees: [ ]% of $50,000 PLUS Administration and advice fees: $[ ] PLUS Indirect costs: [ ]% of $50,000	**[Insert level of investment risk]** Negative returns expected in [ ]-[ ] out of every 20 years.
RETURN TARGET	**ACTUAL RETURN**
[ ]% per year Return target for [yyyy] – [yyyy] of [ ]% per year above inflation, after fees and taxes. Future returns cannot be guaranteed.	**[ ]% per year** 10-year average actual return of [ ]% per year as at 30 June [yyyy]. The 10 year average return target was [ ]% per year during this period. The higher the return, the more often you would expect a year of negative returns.

Note: The content of these text boxes is subject to regulations 7.9.07P, 7.9.07Q, 7.9.07S and 7.9.07T.

(f) under these text boxes, a comparison graph as described in regulation 7.9.07R with the heading 'Comparison between return target and actual return';

(g) under this graph, the following text:

'Past performance is not necessarily an indicator of future returns.';

(h) under this text, an investment mix pie chart as described in regulation 7.9.07U with the heading 'Investment mix';

(i) under this pie chart, the following text:

'The investment mix represents the strategic asset allocation for this [product/investment option/lifecycle stage—*pick one*]. See the Product Disclosure Statement for more details.';

(j) within or near this text, a link to the applicable product disclosure statement;

(k) next to the pie chart referred to in paragraph (h), an interactive superannuation estimator as described in regulation 7.9.07V with the heading 'Superannuation estimator';

    (i) under this estimator, the following text:

    'This estimate is based on the fees charged and target returns for this [product/investment option/lifecycle stage—*pick one*] based on a $50,000 balance as shown on this dashboard.'.

    (ii) An example of a product dashboard consistent with subregulation (1) is set out in Schedule 8E.

7.9.07P Product dashboard—return target

(1) The return target referred to in paragraph 7.9.07N(1)(e) must be worked out:

(a) in accordance with any applicable dashboard reporting standards; and

(b) in relation to the 10-year period starting at the start of the current financial year.

Schedule 1—Product dashboards

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(2) A ***dashboard reporting standard*** is a reporting standard in force under section 13 of the *Financial Sector (Collection of Data) Act 2001* that expressly relates to preparing product dashboards.

> Note: There could, for example, be one dashboard reporting standard that is only applicable for MySuper products (and lifecycle stages of such products), and another that is only applicable for qualifying choice investment options (and lifecycle stages of such options).

7.9.07Q Product dashboard—actual return

(1) The average actual return referred to in paragraph 7.9.07N(1)(e) must be worked out:

   (a)   in accordance with any applicable dashboard reporting standards; and

   (b)   for the number of consecutive, whole financial years (the ***average return years***) during which the fund has offered any of the following:

   (i)   the MySuper product, investment option or lifecycle stage to which the dashboard relates;

   (ii)   if the dashboard is for a MySuper product—any predecessor product for the MySuper product;

   (iii)   if the dashboard is for a lifecycle stage of a MySuper product to which a lifecycle exception applies—any equivalent lifecycle stage of a predecessor product for the MySuper product; and

   (c)   using the actual returns for the average return years of all of the products, options or stages to which paragraph (b) applies.

(2) For the purposes of paragraph of (1)(b), the average return years must not include more than the 10 financial years preceding the current financial year.

*Meaning of **predecessor product***

(3) In this regulation:

predecessor product, for a MySuper product, means a default investment option in existence on 30 June 2013 in relation to which, if a member's accrued default amount were attributed to the MySuper product, the RSE licensee would be exempted from disclosure requirements under subregulation 9.46(2) of the SIS Regulations.

7.9.07R Product dashboard—comparison between return target and return

(1) The comparison graph referred to in paragraph 7.9.07N(1)(f) must be worked out:

(a)   in accordance with subsection (2) and any applicable dashboard reporting standards; and

(b)   in relation to the average return years.

(2)   The comparison graph must contain all of the following:

(a)   labels for all axes;

(b)   a key to explain the 3 data series for the graph, which are:

(i)   the 1 year actual return; and

(ii)   the 10 year average return target; and

(iii) the 10 year average actual return;

(c)   identical scales on the vertical axes;

(d)   the vertical axes to range from at least -20% to 20%, with further equal increments of 5% if this is necessary to display the data;

(e)   a column representing the actual return for each of the average return years, with value labels for each column to one decimal place;

(f)   a dashed line representing the moving average return target for the average return years;

(g)   a solid line representing the moving average actual return for the average return years.

7.9.07S Product dashboard—level of investment risk

The level of investment risk referred to in paragraph 7.9.07N(1)(e) must be:

(a)   worked out in accordance with any applicable dashboard reporting standards; and

(b)   worked out in relation to the current financial year; and

(c)   expressed using the relevant risk label set out in the applicable dashboard reporting standards.

7.9.07T Product dashboard—statement of fees and other costs

(1)   The particular fees and costs, and the total of the fees and costs, covered by the statement of fees and other costs referred to in paragraph 7.9.07N(1)(e) must:

(a)   be worked out in accordance with any applicable dashboard reporting standards; and

(b)   be worked out in relation to the current financial year; and

(c)   be expressed in dollars; and

(d)   in the case of a particular fee or cost for which there is a range of amounts—be the highest fee or cost in that range; and

   (e) in the case of the total of the fees and costs:

     (i) also be expressed as a percentage of the $50,000 balance referred to in paragraph 7.9.07N(1)(b); and

     (ii) include any highest fee or cost required by paragraph (d); and

   (f) in the case of the particular fees and costs—either be expressed in hover text, or be accessible by a single short and clearly visible link from the dashboard.

 (2) For the purposes of paragraph 1017BA(1)(c) of the Act, the period is 14 days after a change to those fees or other costs.

7.9.07U Product dashboard—investment mix pie chart

   The pie chart referred to in paragraph 7.9.07N(1)(h) must be worked out and expressed in accordance with any applicable dashboard reporting standards.

7.9.07V Product dashboard—interactive superannuation estimator

 (1) The estimator referred to in paragraph 7.9.07N(1)(k) must be prepared and expressed in accordance with any instructions determined under subregulation (2).

 (2) ASIC may, by legislative instrument, determine instructions for preparing and expressing the estimator referred to in that paragraph.

7.9.07W Product dashboard—other requirements

 (1) A product dashboard must not contain any information other than that required by this Subdivision, unless the information is provided by way of links to websites or hover text.

 (2) All monetary amounts set out in a product dashboard must be rounded to the nearest dollar (rounding up if 50 cents or more).

 (3) All percentages set out in a product dashboard must be rounded to 1 decimal place (rounding up if the second decimal place is 5 or more).

7.9.07X Displaying a product dashboard

   A product dashboard must be displayed on a fund's website in such a way that:

   (a) the product dashboard can be accessed by clicking no more than 2 links from the fund's home page; and

(b) that link, or those 2 links, to the product dashboard are short, clearly visible and include the word 'dashboard'; and

(c) the product dashboard can be printed easily on an A4 page.

Example: A fund's home page has a single link to a product dashboard. That link must be short, clearly visible and include the word 'dashboard'.

3 Paragraph 7.9.20(1)(o)

Repeal the paragraph, substitute:

(a) if:

    (i) the fund is a regulated superannuation fund; and

    (ii) the trustee or trustees of the fund are required under section 1017BA of the Act to make publicly available a product dashboard for the financial product; and

    (iii) the member continues to hold the financial product;

a link to a website setting out the latest product dashboard for the financial product.

4 After Schedule 8D

Insert:

Schedule 8E—Example product dashboard

(subregulation 7.9.07N(2))

[ ] Dashboard

This dashboard is based on a representative member with a $50,000 balance. Use this dashboard to compare this option with other superannuation investment options.

Go to ASIC's MoneySmart website [insert link] for more information about superannuation.

Statement of fees and other costs	**Level of investment risk**

[ ]%
per year

(or [ ]% as a percentage of $50,000)

Hover text or website link:
This is made up of:

Investment fees	[ ] % of $50,000
PLUS administration and advice fees	$[ ]
PLUS indirect costs	[ ]% of $50,000

[Insert risk label]

Negative returns expected in [ ] – [ ] out of every 20 years

Return target	**Actual return**

[ ]% per year

Return target for [ ] – [ ] of [ ]% per year above inflation, after fees and taxes.

Future returns cannot be guaranteed.

[ ]% per year

10-year average actual return of [ ]% per year as at 30 June [ ].

The 10 year average return target was [ ]% per year during this period.

The higher the return, the more often you would expect a year of negative returns.

Comparison between return target and actual return

Per cent

20
15
10
5
0
-5
-10
-15
-20

X.X% X.X% X.X% X.X% X.X% X.X% X.X% X.X% X.X% X.X%

XXXX XXXX XXXX XXXX XXXX XXXX XXXX XXXX XXXX XXXX
Years

■ 1 year actual return   – – 10 year average return target   — 10 year average actual return

Past performance is not necessarily an indicator of future returns.

Investment mix	**Superannuation estimator**

■ XXX
■ XXX
■ XXX

The Investment mix represents the strategic asset allocation for this [product/investment option/lifecycle stage].

See the Product Disclosure Statement [insert link] for more details.

Super Estimator powered by ASIC's MoneySmart

Age
Annual pay (before tax)
Super balance
Estimate at age 65

Go to the Superannuation Calculator on ASIC's MoneySmart website for a more detailed estimate.

The estimate is based on the fees charged and target returns for this [product/investment option/lifecycle stage] based on a $50,000 balance as shown on this dashboard.

5 Part 6A of Schedule 10A

Repeal the Part.

Schedule 2—Portfolio holdings disclosure

Corporations Regulations 2001

1 At the end of Division 2E of Part 7.9

Add:

Subdivision 2E.2—Making portfolio holding information publicly available

7.9.07Z Source of power for this Subdivision

This Subdivision is made for the purposes of section 1017BB of the Act.

7.9.07ZA Way the information must be organised

(1) For the purposes of subsection 1017BB(3) of the Act, the trustee, or the trustees, of the registrable superannuation entity must organise the information about an investment option in the following way:

(a) the information is to be expressed in a table that deals only with the investment option;

(b) the overall heading for the table is 'Portfolio Holdings Information for [name of the investment option]';

(c) the table is to have 6 columns, the headings of which are as follows (listed in order from left to right):

(i) Number for, and investment level of, each financial product or property allocated to the investment option;

(ii) Name of that product or property;

(iii) Number of units held in that product or property;

(iv) Number of units held in any final product or property;

(v) Price per unit;

(vi) Total invested;

(d) each heading is to be in bold;

(e) the text in columns 1, 2 and 6 of the table is to be in bold for a row of the table that is for a financial product or property in which assets of the entity are directly invested;

(f) column 1 of the table must use a method chosen by the trustee, or the trustees, to identify and distinguish the classes (or *levels*) of financial products or property covered by paragraphs (3)(a), (b) and (c); and

(g) using this method, column 1 of the table must list sequentially the products or property in each of those levels, but in such a way that:

        (i)   lists a particular product or property in a particular level; and

        (ii)   before listing the next product or property in that level, next lists the first product or property in the next lowest level, if any, (see subregulation (2));

   (h)   column 1 of the final row of the table is to be the word '**TOTAL**' in bold capitals;

   (i)   column 3 of the table lists the number of units in a product that is not in the lowest level for the relevant highest level product in which assets of the entity are directly invested;

   (j)   column 4 of the table must list the number of units in a product that is in the lowest level for the relevant highest level product in which assets of the entity are directly invested;

   (k)   column 6 of the final row of the table is:

        (i)   to set out the total of the column 6 amounts for all of the products and property in which assets of the entity are directly invested; and

        (ii)   to be in bold.

Note: Subparagraphs (g)(i) and (ii) operate in a recursive manner. For example, see rows 6 to 6(B)(3) of the example table in Schedule 8F.

 (2)   The method chosen for paragraph (1)(f) must be used for the purposes of this Subdivision for all of the entity's investment options.

Note: An example of a method for paragraph (1)(f) is that used in column 1 of the table in Schedule 8F.

(3) The different levels of financial products or property are set out in the following paragraphs (from highest to lowest):

(a) financial products or property in which assets of the entity are directly invested;

(b) financial products or property in which assets are directly invested if those assets are:

(i) products or property covered by paragraph (a); and

(ii) assets of the entity or an associated entity of the entity;

(c) financial products or property in which assets are directly invested if those assets are:

(i) products or property covered by paragraph (b), or by a previous application of this paragraph; and

(ii) assets of the entity or an associated entity of the entity.

To avoid doubt, products or property covered by a previous application of paragraph (c) are in a higher level than any covered by a later application of that paragraph.

7.9.07ZB Organising information about derivatives

To the extent that the information is about a financial product that is a derivative, the information must be organised so that:

(a) the financial product is identified as a derivative; and

(b) the value of the derivative is set out in accordance with any rules in force under section 901A of the Act that relate to financial statements and derivatives.

Note: *Derivative* is defined in section 761D of the Act.

7.9.07ZC Organising information about derivatives

An example of a table that organises information in a way that is consistent with this Subdivision is set out in Schedule 8F.

2 After Schedule 8E

Insert:

Schedule 8F—Way to organise portfolio holding information

(regulation 7.9.07X)

Portfolio Holdings Information for Growth Fund A

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Number for, and investment level of, each financial product or property allocated to the investment option	**Name of that product or property**	**Number of units held in that product or property**	**Number of units held in any final product or property**	**Price of unit**	**Total invested**
1	**Share A**		20,000	$10	**$200,000**
2	**Share B**		10,000	$20	**$200,000**
3	**Commercial property**		1	$500,000	**$500,000**
4	**Managed Investment Scheme ABC**	50,000		$10	**$500,000**
4(A)	Commercial property A		1	$500,000	$500,000
5	**Managed Investment Scheme DEF**	40,000		$10	**$400,000**
5(A)	Share A		20,000	$10	$200,000
5(B)	Share B		10,000	$20	$200,000

Schedule 8F—Way to organise portfolio holding information

Portfolio Holdings Information for Growth Fund A

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Number for, and investment level of, each financial product or property allocated to the investment option	Name of that product or property	Number of units held in that product or property	Number of units held in any final product or property	Price of unit	Total invested
6	**Managed Investment Scheme XYZ**	100,000		$20	**$2,000,000**
6(A)	Managed Investment Scheme UVW	50,000		$15	$750,000
6(A)(1)	Share C		10,000	$15	$150,000
6(A)(2)	Commercial property		1	$600,000	$600,000
6(B)	Managed Investment Scheme RST	25,000		$50	$1,250,000
6(B)(1)	Share A		35,000	$10	$350,000
6(B)(2)	Share C		10,000	$15	$150,000
6(B)(3)	Managed Investment Scheme 123	15,000		$50	$750,000
7	**Commercial Property**		1	$500,000	**$500,000**
8	**Managed Investment Scheme 456**	100,000		$10	**$1,000,000**

Portfolio Holdings Information for Growth Fund A

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6
Number for, and investment level of, each financial product or property allocated to the investment option	Name of that product or property	Number of units held in that product or property	Number of units held in any final product or property	Price of unit	Total invested
9	Managed Investment Scheme 789	10,000		$70	$700,000
Total					$6,000,000

Schedule 2 Portfolio holdings disclosure