

EXPOSURE DRAFT

EXPOSURE DRAFT (02/09/2022)

Inserts for

Superannuation Industry (Supervision) Amendment (Annual performance assessments—Faith-based products) Regulations 2022: FBPs

Superannuation Industry (Supervision) Regulations 1994

1 Regulation 9AB.8

Before “For”, insert “(1)”.

2 At the end of Regulation 9AB.8

Add:

- (2) To avoid doubt, subregulation (1) applies for the purposes of working out the period within which APRA must do the things mentioned in paragraphs 60P(5)(a), (b) and (c) of the Act.

Note: Those paragraphs deal with the process of determinations and notifications for faith-based products.

3 After Regulation 9AB.18

Insert:

9AB.18A Alternative assumed index—sections 60D and 60Q of Act

- (1) This regulation applies for the purposes of APRA making a supplementary determination mentioned in subsection 60P(3) of the Act for a faith-based product in relation to a financial year (the *current financial year*).
- (2) APRA may make a determination, in writing, specifying all the following:
 - (a) the product;
 - (b) a financial year that is the current financial year or a previous financial year;
 - (c) an assumed index identified in an item of the table in regulation 9AB.17 for a specified quarter in the specified financial year;
 - (d) an alternative assumed index that replaces the assumed index mentioned in paragraph (c) for the specified quarter in the specified financial year.
- (3) In making a determination under subregulation (2), APRA must consider indices set out in the application in relation to the product, as mentioned in paragraph 60L(2)(c) of the Act.
- (4) If APRA makes a determination under subregulation (2), in applying regulation 9AB.17 in relation to the specified product in relation to the specified

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quarter in the specified financial year, treat the specified alternative assumed index mentioned in paragraph (2)(d) as replacing the specified assumed index mentioned in paragraph (2)(c).

- (5) To avoid doubt, one or more determinations under subregulation (2) in respect of a particular product may be contained in the same document.

4 At the end of Division 9AB.2

Add:

9AB.20A Application for faith-based product determination by APRA— paragraph 60L(2)(d) of Act

- (1) For the purposes of paragraph 60L(2)(d) of the Act, this regulation specifies information that must be contained in an application mentioned in subsection 60L(1) of the Act by an entity in relation to a Part 6A product in relation to a financial year (application for faith-based product determination).
- (2) The information is all of the following:
- (a) at least one of the following:
 - (i) if the investment strategy in respect of that financial year for the product expressly states or clearly implies that it accords with faith-based principles—that investment strategy;
 - (ii) if an investment policy in respect of that financial year for the product demonstrates that that investment strategy accords with faith-based principles—that investment policy;
 - (iii) if board or investment committee papers of the entity in respect of that financial year demonstrate that that investment strategy accords with faith-based principles—those board or investment committee papers, to the extent that they so demonstrate;
 - (iv) other information that demonstrates that that investment strategy accords with faith-based principles;
 - (b) at least one of the following:
 - (i) if the most recent product disclosure statement (within the meaning of Chapter 7 of the *Corporations Act 2001*) for the product (and the information contained in the documents (if any) incorporated by reference in that product disclosure statement) demonstrate that the investment strategy for the product accords with faith-based principles—that product disclosure statement (and those documents, if any), to the extent that they so demonstrate;
 - (ii) if the most recent annual report for the entity demonstrates that the investment strategy for the product accords with faith-based principles—that annual report, to the extent that it so demonstrates;
 - (iii) if the most recent target market determination (within the meaning of Chapter 7 of the *Corporations Act 2001*) for the product demonstrates that the investment strategy for the product accords with faith-based principles—that target market determination;
 - (iv) if information on the website of the entity demonstrates that the investment strategy for the product accords with faith-based principles—that information;
 - (c) information about:

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- (i) the period over which the investment strategy for the product has accorded with faith-based principles; and
- (ii) whether the investment strategy for the product has changed over time.