

ASFA's positions on key aspects of the portfolio holdings disclosure

Reform	Reference	ASFA position
1. General comments		ASFA supports the general intent of the draft legislation and regulations on portfolio holdings disclosure.
2. Change to reporting date	Section 1540	While ASFA supports the 31 December 2016 reporting date, ASFA considers that a 30 June 2017 reporting data is more appropriate.
3. Application to legacy products	Paragraph 1017BB(4)(b)	ASFA supports the proposed "closed to new members for at least five years" definition. We believe that this is simple for the industry to apply in practice.
4. Protection of confidential information about commercially sensitive assets	Paragraph 1017BB(4)(c)	<p>While ASFA appreciates the flexibility to select up to five per cent of assets which the fund can exclude from disclosure, we are concerned this may lead to</p> <ul style="list-style-type: none"> • the under disclosure/non-disclosure of assets which are not commercially sensitive; and • a large number of applications for relief to ASIC for assets whose value exceeds 5%. <p>ASFA considers that options worth exploring include</p> <ul style="list-style-type: none"> • establishing principles by which trustees can exempt commercially sensitive information • making disclosure of commercially sensitive assets non-specific (i.e. not identifying individual assets) • identifying the asset but not disclosing the value <p>which would still aid transparency in terms of asset concentration and portfolio risk.</p>
5. Investments which are not material in accordance with the regulations	Paragraph 1017BB(4)(e)	ASFA recommends that in order to make this disclosure meaningful to members, there needs to be a concept of materiality carefully defined in the regulations. This could be achieved by confining disclosure to investment options which exceed a prescribed level of FUM; disclosing assets over a minimum value or disclosing the top 50 assets in the investment option.