

File name: 2013/36

2 August 2013

Supplementary submission to APRA on the Second set of draft prudential practice guides for superannuation

ASFA wrote to APRA providing additional comments with respect to draft Prudential Practice Guide SPG 280 – Payment Standards.

The need for the submission arose from comments received from ASFA members on practical implementation issues encountered following the 1 July commencement date of the requirement to process a rollover within 3 days of receipt.

The submission reflects comments ASFA made in October 2012 on perceived issues with the exposure draft regulations.

The submission noted an intention to seek an amendment of the regulations and, as an interim measure, recommends that draft PPG 280 be amended to

- Expand paragraph 39 to reflect that the obligation to transfer or rollover a benefit in response to a request from a member does not commence until the trustee is in a position to give effect to that request.
- clarify that, in APRA's view, an RSE licensee generally would not be in breach of the three business-day portability requirement where: :
 - there is an inexplicable mismatch between information on the application form and information in the trustee's records and an unresolved suspicious matter that has been referred to the ATO IER group (present examples);
 - there is a family law, bankruptcy, AML/CTF suspicious matter, or other flag on the member account that first requires resolution;
 - the fund uses forward unit pricing (on a basis less frequently than daily);and
 - the lodgment of the rollover or transfer request triggers the raising of a flag in the fund's fraud control system.
- Make clear that the regulator's expectation is that any delaying factors are resolved as soon as practicable and that the rollover is completed within 3 days of the legal or suspicious matter being resolved or the forward unit price being struck. In the case of forward unit pricing the rollover must be completed no later than 30 days after the rollover request is received.