

File Name: 2014/30

15 September 2014

APRA - Discussion paper: reporting standards for select investment options

The Association of Superannuation Funds of Australia (ASFA) lodged a submission in relation to APRA's Discussion Paper: *Reporting Standards for select investment options* (Discussion Paper), proposed reporting standards SRS 533.1 *Asset Allocation and Members' Benefits Flows* and SRS 702.1 *Investment Performance*, and the associated forms and instructions.

ASFA raised a number of general concerns in relation to the proposed requirements for select investment option (SIO) reporting. In particular, we noted that:

- The timing of the consultation coincided with the busiest time of the year for industry stakeholders involved in APRA reporting, which has limited their capacity to engage with the consultation.
- There are strong concerns about the industry's ability to implement the SIO reporting requirements in time for a 1 July 2015 commencement, with the requirements unlikely to be finalised before February 2015. Adhering to a 1 July 2015 commencement date is likely to significantly compromise the data reported for at least the September 2015 quarter, and potentially also the December 2015 quarter.
- Industry also has concerns regarding the volume of data proposed to be collected via SRF 533.1 and 702.1, and the frequency with which those forms are required to be lodged. Given that much of the data will not change materially from quarter to quarter, quarterly lodgement would in ASFA's view appear to be excessive.

ASFA's major recommendations include:

- APRA should defer the proposed commencement date for the SIO reporting requirements for 12 months, to provide RSE licensees with an adequate timeframe for implementation and to align these requirements with the proposed commencement of the choice product dashboard. Proposed SRF 533.1 and 702.1 should first apply for the quarter ended 30 September 2016.
- The Reporting Standards should be amended to clarify whether the SIO definition is to be applied at the RSE licensee or RSE level, and a number of amendments should be made to the SIO definition, including:
 - Investment options underlying defined benefit interests and pre-MySuper default options which include Accrued Default Amounts, should be excluded.
 - The current \$50 million materiality threshold should be reviewed. If a dollar threshold is to be retained, this should be set at no less than \$250 million.
 - Additional clarity and/or carve-outs should be provided in respect of investment in certain types of underlying assets, including term deposits and exchange traded funds.
- APRA should consider whether there is scope to reduce the volume of data to be collected and the reporting frequency (from quarterly to annual).

ASFA also made a number of detailed recommendations regarding the specific requirements of proposed SRF 533.1 and 702.1.