

Submission reference: 2015/07

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ASIC - Review of Regulatory Guide 97 – Disclosing fees and costs in PDSs and periodic statements

ASFA has responded to the ASIC consultation paper *Review of Regulatory Guide 97 – Disclosing fees and costs in PDSs and periodic statements (Consultation Paper)* which seeks comments on proposed revisions to Regulatory Guide 97 (draft RG 97).

In summary, ASFA considers that, broadly, while the proposed changes will improve the consistency of disclosure, further changes need to be made to the draft.

In general comments ASFA supports ASIC's efforts to provide industry with greater clarity on the disclosure obligations of product providers, but is concerned that many of the fee disclosure issues are both longstanding and policy related.

As such, ASFA's strongly preferred approach is for Treasury to undertake a comprehensive review of the intended policy outcomes and legislative provisions, in place of the on-going, piecemeal approach that ASIC has been forced to adopt in order to address the underlying legislative issues.

ASFA considers that the primary purpose of PDS disclosure is to enable consumers to compare products, including the direct fees and indirect costs that they may be exposed to and to achieve this, it is essential each PDS is prepared in a consistent and accurate manner. Achieving consistency and accuracy requires clarity in the primary legislation and supporting regulations. If that could be achieved, the requirement for additional detailed guidance would be significantly reduced.

ASFA expresses concerns with the differences in the fee disclosure requirements for superannuation funds and managed funds, considering them to be unnecessary, counter-productive and creating difficulty for consumers when comparing products.

ASFA also expresses concern that the focus on detailed fee and cost disclosure risks diverting the attention of investors from the importance of net returns.

Given all of the above, ASFA sees difficulties in RG 97 being settled in a timely manner and requests a review of the transitional arrangements in [CO 14/1252] with a view to deferring the commencement dates.

The remainder of this submission is structured to first follow the questions posed in the Consultation Paper and then to provide additional comments on other aspects of draft RG 97.

The ASFA submission responds to each of the discussion questions posed by ASIC in its consultation document.