

30 March 2016

Nicole Chew  
Senior Lawyer  
Financial Advisers  
Australian Securities and Investments Commission  
Level 5, 100 Market Street  
Sydney NSW 2000

Email: [Nicole.Chew@asic.gov.au](mailto:Nicole.Chew@asic.gov.au)

Dear Ms Chew,

**Re: Consultation Paper 253: Remaking and repealing ASIC class orders on dollar disclosure**

**In brief:**

This consultation paper sets out ASIC's proposals to remake class orders [CO 04/1431], [CO 04/1433] and [CO 04/1435] on dollar disclosure, with the repeal of class orders [CO 04/1430] and [CO 04/1432]. AIST generally supports the proposals contained in this consultation paper. However, we believe that the relief presently provided for periodic statements in [CO 04/1435] is not appropriate and recommend that it no longer apply.

AIST thanks ASIC for the continued opportunity to consult on the sunseting of class orders, as well as issues associated with disclosure. AIST agrees with ASIC that dollar disclosure provisions better assist consumers to understand how costs, fees, charges, expenses, benefits and interests affect them by quantifying them in dollar terms.

**Support for dollar disclosure where appropriate**

AIST has long supported dollar fee disclosure for superannuation fund members, where appropriate. We supported this at the time that the fourth tranche of the MySuper legislation proceeded through Parliament. Consumers better understand the significance of dollar amounts, compared with percentages insofar as how it affects their investment.

**Cases where dollar disclosure cannot be provided**

We note that there will be circumstances where such disclosure is not always able to be provided. We note that this consultation paper (CP 253) considers class orders where many of disclosures are not able to be provided practically in dollar terms, and in the case of some, provides an alternative to ensure that investors are not misled. A good example of this is Class Order [CO 04/1433]. This requires AFS licensees to provide information regarding non-monetary

benefits or interests in the form of a range, together with details around those benefits or interests where such amounts are unable to be provided in a way that complies with the requirements.

### **Relief for foreign currency disclosure in periodic statements**

We note that the scope of Class Order [CO 04/1435] extended the relief on amounts denominated in foreign currency beyond Product Disclosure Statements (PDSs) and Statements of Advice (SOAs) to periodic statements. We are unable to understand why this Class Order provides relief for these documents, as amounts disclosed in periodic statements are already incurred and therefore able to be converted to Australian dollars with a high degree of accuracy as at a specified date. We believe that Australians should be able to understand how their Australian dollar-denominated investments may have been impacted by disclosable foreign currency amounts, and believe that the best way to ensure that Australians understand this is with disclosure in Australian dollars.

AIST therefore provides the following in response to the recommendations contained in CP 253.

### **Response to proposals**

B1: AIST agrees with the proposal to extend the relief contained in class orders [CO 04/1431] *Dollar disclosure: Cost of derivatives, foreign exchange contracts, general insurance products and life risk insurance products*, [CO 04/1433] *Dollar disclosure: Non-monetary benefits and interests* and [CO 04/1435] *Dollar disclosure: Amounts denominated in a foreign currency* by combining them in a single new legislative instrument. We also agree with the changes required for renaming, drafting, formatting and clarification purposes as well as the updated references and definitions. However, we consider that this is an opportunity to ensure that foreign currency amounts are better disclosed on periodic statements, and recommend that the relief presently contained in [CO 04/1435] for periodic statements be removed from the scope of the legislative instrument.

C1: AIST agrees with the proposal to repeal Class Order [CO 04/1430] *Dollar disclosure: Unknown facts or circumstances* and agrees with the rationale stated at paragraphs 24 and 25 of CP 253.

C2: AIST agrees with the proposal to repeal Class Order [CO 04/1432] *Dollar disclosure: Interest payable on deposit products* and agrees with the rationale stated at paragraphs 27 and 28 of CP 253.

If you have any further questions regarding this submission, please contact Richard Webb, Policy & Regulatory Analyst on 03 8677 3835 or at [rwebb@aist.asn.au](mailto:rwebb@aist.asn.au).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Garcia', is written over a light blue horizontal line.

Tom Garcia  
**Chief Executive Officer**

*The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.*

*As the principal advocate and peak representative body for the \$650 billion not-for-profit superannuation sector, AIST plays a key role in policy development and is a leading provider of research.*

*AIST provides professional training and support for trustees and fund staff to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members. Each year, AIST hosts the Conference of Major Superannuation Funds (CMSF), in addition to numerous other industry conferences and events.*