



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 133

Shorter and simpler PDSs: Superannuation, managed investment schemes and margin lending

This information sheet explains the new Product Disclosure Statement (PDS) requirements in the Corporations Amendment (No. 5) Regulations 2010 (the regulations). The regulations, which were made in June 2010, require shorter and simpler PDSs for:

- superannuation products
- simple managed investment schemes, and
- standard margin lending facilities.

The requirements were developed by the Financial Services Working Group (comprising officials from the Department of Treasury, the Department of Finance and Deregulation, and ASIC), in close consultation with industry and consumer representatives, to help consumers engage with disclosure documents and better understand their financial products.

Which financial products are affected?

The new regulations apply to PDSs for:

- superannuation products (other than those which are solely a defined benefit fund or solely a pension product)
- simple managed investment schemes, and
- standard margin lending facilities.

PDSs for other financial products remain subject to the existing rules under the Corporations Act.

What is a simple managed investment scheme?

The new regulations apply to PDSs for registered managed investment schemes that invest at least 80% of their assets:

- in an account or a deposit with a bank where the money is able to be withdrawn:
 - immediately during the bank's normal business hours, or
 - at the end of a fixed period that is no longer than three months, or

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

- under one or more arrangements by which the responsible entity can reasonably expect to realise the investment within 10 days at market value.

The new regulations do not apply to registered managed investment schemes that are or are intended to be quoted on a financial market, are part of a stapled security, are property, mortgage or agricultural schemes, or are platforms.

What are the new PDS requirements?

The new PDS requirements are set out in the regulations. Guidance about the scope of the new regime and the new obligations for product issuers is set out in the Explanatory Statement to the regulations, which is available from the Federal Register of Legislative Instruments: see www.frli.gov.au.

The key features of the regulations include:

- a maximum page length of 8 pages (for superannuation and managed investment scheme PDSs) and 4 pages (for margin loan PDSs), together with a prescribed minimum font size
- prescribed section headings to make it easier for consumers to find important information in the PDS and compare across products
- key content requirements to ensure that consumers are provided with the key information they need to make an investment decision
- provision for other material to be located outside the PDS document itself, but form part of the PDS through incorporation by reference, and
- provision for inclusion of additional information within the PDS, provided the prescribed length is not exceeded.

When do the new regulations commence?

The new regulations commence as follows:

- for standard margin lending facilities: on 1 January 2011
- for superannuation products and simple managed investment schemes: on 22 June 2011 for all new products, as well as for existing products where a supplementary PDS would be required, and on 22 June 2012 for all other PDSs.

What is ASIC doing to implement the new regime?

We are updating existing regulatory guides and class orders to reflect the new regulations. We have also established an email contact point at shorterPDSqueries@asic.gov.au where you can contact us with any questions or comments about the implementation of the new regime. Your feedback will help us to monitor the uptake of the new regime and provide the right type of guidance for industry and consumers.

Where can I get more information?

Contact ASIC's infoline on 1300 300 630 or make an enquiry at www.asic.gov.au/question, or shorterPDSqueries@asic.gov.au

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice.

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases your particular circumstances must be taken into account when determining how the law applies to you.