





# Corporations Amendment Regulations 2010 (No. 5)

**Select Legislative Instrument 2010 No. 135**

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I, QUENTIN BRYCE, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Corporations Act 2001*.

Dated 15 June 2010

QUENTIN BRYCE  
Governor-General

By Her Excellency's Command

CHRIS BOWEN  
Minister for Financial Services, Superannuation and Corporate  
Law

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**1 Name of Regulations**

These Regulations are the *Corporations Amendment Regulations 2010 (No. 5)*.

**2 Commencement**

These Regulations commence on the day after they are registered.

**3 Amendment of *Corporations Regulations 2001***

Schedule 1 amends the *Corporations Regulations 2001*.

**4 Transitional**

- (1) For the period of 1 year commencing on the day on which these Regulations commence, the amendments made by Schedule 1 do not apply in relation to:
  - (a) a Product Disclosure Statement prepared under the *Corporations Act 2001* for:
    - (i) a superannuation product; or
    - (ii) a financial product that would be a simple managed investment scheme, within the meaning of the *Corporations Regulations 2001* as amended by Schedule 1 if those amendments applied; and
  - (b) a Supplementary Product Disclosure Statement prepared under that Act for that product.
- (2) On and after the end of the period of 1 year commencing on the day on which these Regulations commence, the amendments made by Schedule 1 apply in relation to a Product Disclosure Statement prepared under the *Corporations Act 2001* for:
  - (a) a superannuation product for which no Product Disclosure Statement had been prepared before the commencement of these Regulations; or
  - (b) a financial product:
    - (i) that would be a simple managed investment scheme, within the meaning of the *Corporations Regulations 2001* as amended by Schedule 1 if those amendments applied; and

- (ii) for which no Product Disclosure Statement had been prepared before the commencement of these Regulations.
- (3) On and after the end of the period of 1 year commencing on the day on which these Regulations commence, the amendments made by Schedule 1 apply:
  - (a) in relation to a Supplementary Product Disclosure Statement prepared under the *Corporations Act 2001* for a superannuation product; and
  - (b) in relation to the Product Disclosure Statement to which the Supplementary Product Disclosure Statement applies; and
  - (c) to the extent necessary to provide that if:
    - (i) the superannuation product existed before the end of the period; and
    - (ii) there is a change in circumstances, on or after the end of the period, to the extent that a Supplementary Product Disclosure Statement would, but for this paragraph, need to be prepared;  
the obligation to prepare the Supplementary Product Disclosure Statement is taken to be an obligation to prepare a Product Disclosure Statement for the superannuation product that complies with the *Corporations Regulations 2001* as amended by Schedule 1.
- (4) On and after the end of the period of 1 year commencing on the day on which these Regulations commence, the amendments made by Schedule 1 apply:
  - (a) in relation to a Supplementary Product Disclosure Statement prepared under the *Corporations Act 2001* for a financial product that would be a simple managed investment scheme, within the meaning of the *Corporations Regulations 2001* as amended by Schedule 1 if those amendments applied; and
  - (b) in relation to the Product Disclosure Statement to which the Supplementary Product Disclosure Statement applies; and

- (c) to the extent necessary to provide that if:
  - (i) the financial product existed before the end of the period; and
  - (ii) there is a change in circumstances, on or after the end of the period, to the extent that a Supplementary Product Disclosure Statement would, but for this paragraph, need to be prepared;

the obligation to prepare the Supplementary Product Disclosure Statement is taken to be an obligation to prepare a Product Disclosure Statement for the financial product that complies with the *Corporations Regulations 2001* as amended by Schedule 1.

- (5) On and after the end of the period of 2 years commencing on the day on which these Regulations commence, the amendments made by Schedule 1 apply in relation to a Product Disclosure Statement or under the *Corporations Act 2001* for:
  - (a) a superannuation product that is not mentioned in subregulation (2), (3) or (4); or
  - (b) a simple managed investment scheme, within the meaning of the *Corporations Regulations 2001* as amended by Schedule 1, that is not mentioned in subregulation (2), (3) or (4).
- (6) On and after 1 January 2011, the amendments made by Schedule 1 apply in relation to a standard margin lending facility.

*Note* The *Corporations Legislation Amendment (Financial Services Modernisation) Act 2009* commenced on 1 January 2010.

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## Schedule 1      Amendments

(regulation 3)

[1]      **Subregulation 1.0.02 (1), after definition of *Lloyds***

*insert*

*margin loan*, or *margin lending*, means a standard margin lending facility.

[2]      **Subregulation 1.0.02 (1), after definition of *medical indemnity insurance product***

*insert*

*minor fee*, for a margin loan, means a fee or cost for the margin loan that does not relate to the ordinary acquisition, operation or closure of the loan and which is less than \$10.

[3]      **Subregulation 1.0.02 (1), after definition of *settlement documents***

*insert*

*simple managed investment scheme* means a registered management investment scheme which is or was offered because it meets 1 of the following requirements:

- (a) the scheme invests at least 80% of its assets in money in an account with a bank on the basis that the money is available for withdrawal:
  - (i) immediately during the bank's normal business hours; or
  - (ii) at the end of a fixed-term period that does not exceed 3 months;
- (b) the scheme invests at least 80% of its assets in money on deposit with a bank on the basis that the money is available for withdrawal:
  - (i) immediately during the bank's normal business hours; or

- (ii) at the end of a fixed-term period that does not exceed 3 months;
- (c) the scheme invests at least 80% of its assets under 1 or more arrangements by which the responsible entity of the scheme can reasonably expect to realise the investment, at the market value of the assets, within 10 days.

**[4] After subregulation 7.7.08A (1A)**

*insert*

- (1A) This regulation does not apply if the Product Disclosure Statement is for an FHSA product.
- (1B) This regulation does not apply if the Product Disclosure Statement is for a margin loan.
- (1C) This regulation does not apply if the Product Disclosure Statement is for a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies.
- (1D) This regulation does not apply if the Product Disclosure Statement is for a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 applies.

**[5] Paragraph 7.9.09 (1) (d)**

*substitute*

- (d) FHSA products; and
- (e) a margin loan; and
- (f) a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies; and
- (g) a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 applies.

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**[6] Part 7.9, Division 4, after Subdivision 4.2**

*insert*

**Subdivision 4.2A Form and content of Product Disclosure Statement for margin loan**

**7.9.11 Application of Subdivision 4.2A**

This Subdivision applies to:

- (a) a person who is required to prepare a Product Disclosure Statement for a margin loan; and
- (b) a Product Disclosure Statement for a margin loan.

**7.9.11A Provisions of Part 7.7 of Act that do not apply in relation to margin loan**

For paragraph 951C (1) (b) of the Act, section 942DA of the Act does not apply in relation to a margin loan.

**7.9.11B Definitions for Subdivision 4.2A**

- (1) In this Subdivision and in Schedule 10C:

*Approved Securities List* means the list of secured properties that are acceptable for the provider or potential provider of a margin loan as security for the margin loan and includes the amount of credit the provider will give for each of the properties.

- (2) In this Subdivision and in Schedule 10C, a provision of the Act that is modified in accordance with regulation 7.9.11C is referred to as *modified*.

*Example*

Paragraphs 1013C (1) (a) and (b) of the Act as modified by subitem 5A.2 (1) of Part 5A of Schedule 10A are referred to in this Subdivision as ‘modified paragraphs 1013C (1) (a) and (b)’.

**7.9.11C Modification of Act — margin loan**

For paragraph 1020G (1) (c) of the Act, Part 7.9 of the Act is modified in its application to a margin loan as set out in Part 5A of Schedule 10A.

**7.9.11D Form and content of Product Disclosure Statement for margin loan**

- (1) For modified paragraph 1013C (1) (a) of the Act, a Product Disclosure Statement for a margin loan must include the information and statements mentioned in Schedule 10C.
- (2) For modified paragraph 1013C (1) (b) of the Act, a Product Disclosure Statement for a margin loan must be in the form mentioned in Schedule 10C.

**7.9.11E Requirements for references to incorporated information for margin loan**

- (1) For subsection 1013C (1B) of the Act, as modified by Part 5A of Schedule 10A, this regulation prescribes requirements for applying, adopting or incorporating, in a Product Disclosure Statement for a margin loan, a matter contained in writing.
- (2) A Product Disclosure Statement may apply, adopt or incorporate a matter only if a provision of these Regulations requires or permits the matter to be applied, adopted or incorporated by the Statement.
- (3) If a Product Disclosure Statement applies, adopts or incorporates a matter:
  - (a) the matter must be:
    - (i) in writing; and
    - (ii) clearly distinguishable from any other matters that are not applied, adopted or incorporated; and
    - (iii) publicly available in a document other than the Statement; and
  - (b) the responsible person for the Statement must identify the matter by:
    - (i) including in the Statement a concise description of the matter; and
    - (ii) ensuring that the reference to the matter is clearly distinguishable from the other contents of the Statement; and

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- (c) the responsible person for the Statement must:
- (i) identify each version of the matter (by including the date on which the version was prepared) so that a person who, at a particular time, is considering a margin loan can identify the version that is relevant to the margin loan at that time; and
  - (ii) state the date on which the version was prepared in a prominent position at or near the front of the version; and
- (d) the responsible person for the Statement must ensure that a person who is relying on the Statement is able to have access to:
- (i) the matter; or
  - (ii) if there is more than 1 version of the matter — each version;
- reasonably easily and reasonably quickly.

- (4) The responsible person for the Product Disclosure Statement must also ensure that the Statement includes the statements in the following table relating to the matter, and sets them out in each place at which the matter has been applied, adopted or incorporated.

Item	Statement
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- |   |   |
|---|---|
| 1 | You should read the important information about <i>[the subject]</i> before making a decision. Go to <i>[location of the matter that has been applied, adopted or incorporated]</i> |
| 2 | The material relating to <i>[matter]</i> may change between the time when you read this Statement and the day when you sign the application form                                    |

- (5) The responsible person for the Product Disclosure Statement must also ensure that each document mentioned in subregulation (3) includes the statement in the following table relating to the matter.

Item	Statement
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- |   |   |
|---|---|
| 1 | The information in this document forms part of the Product Disclosure Statement <i>[identification by name, date and version (if applicable) of each Statement]</i> |
|---|---|

- (6) For the avoidance of doubt:
  - (a) the giving of a Product Disclosure Statement to which this Subdivision applies is taken to be the giving of every matter that is applied, adopted or incorporated in accordance with subregulations (1) to (5); and
  - (b) if a document mentioned in subparagraph (3) (a) (iii) refers to more than one PDS, the document:
    - (i) must include a statement to the effect that the information in the document forms part of the Product Disclosure Statement offered by the responsible entity; but
    - (ii) is not required to name each Product Disclosure Statement of which it forms part.
- (7) If the Product Disclosure Statement applies, adopts or incorporates a matter, the information dealing with the matter is taken to have been given to a person on the day on which the person signs the application form accompanying the Statement.

#### **7.9.11F Retention of copies of Product Disclosure Statement for margin loan**

- (1) The responsible person for a Product Disclosure Statement for a margin loan must retain a copy of each version of the Statement that the responsible person issues for a period of 7 years starting on the day on which the version is prepared.
- (2) The responsible person for the Product Disclosure Statement must retain a copy of the document from which a matter is applied, adopted or incorporated by the Statement as mentioned in paragraph 7.9.11E (3) (c) for a period of 7 years commencing on the day on which the Statement is prepared.
- (3) If a document from which a matter is adopted, applied or incorporated by the Product Disclosure Statement as mentioned in paragraph 7.9.11E (3) (c) is changed in a way that changes the description of, or reference to, the matter, the responsible person for the Statement must retain a copy of the document for a period of 7 years commencing on the day on which the document is changed.

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**7.9.11G Requirement to provide copy of Product Disclosure Statement for margin loan free of charge**

- (1) For paragraph 1015C (5) (a) of the Act, this regulation specifies requirements as to the manner in which a Product Disclosure Statement for a margin loan must be given to a person if the person requests a copy of the Statement.
- (2) The responsible person for the Product Disclosure Statement must give the person, free of charge:
  - (a) a copy of the Statement within 8 business days; and
  - (b) a copy of a matter in writing that is applied, adopted or incorporated by the Statement within 8 business days.

**7.9.11H Notification about change to Approved Securities List or current interest rate for margin loan**

- (1) For paragraph 1017B (1A) (b) of the Act, a change to the Approved Securities List or current interest rate for a margin loan is specified.
- (2) For paragraph 1017B (3) (c) of the Act, the issuer of the margin loan must notify the holder of the change by:
  - (a) sending notice of the change to the holder:
    - (i) by pre-paid post to a postal address nominated by the holder; or
    - (ii) to an email address nominated by the holder; or
  - (b) placing a notice on a webpage that is likely to come to the holder's attention if the holder is monitoring the holder's margin loan.

**Subdivision 4.2B Content of Product Disclosure Statement for superannuation product****7.9.11K Application of Subdivision 4.2B**

- (1) This Subdivision applies to:
  - (a) a superannuation trustee that is required to prepare a Product Disclosure Statement for a superannuation product; and

(b) a Product Disclosure Statement for a superannuation product.

(2) However, this Subdivision does not apply to the following financial products:

(a) a superannuation product that is solely an interest in a defined benefits fund;

(b) a superannuation product that is solely a pension product.

**7.9.11L Provisions of Part 7.7 of Act that do not apply in relation to superannuation product**

For paragraph 951C (1) (b) of the Act, section 942DA of the Act does not apply in relation to a superannuation product.

**7.9.11M Provisions of Part 7.9 of Act that do not apply in relation to superannuation product**

For paragraph 1020G (1) (b) of the Act, Subdivision D of Division 2 of Part 7.9 of the Act does not apply in relation to a superannuation product.

**7.9.11N Modification of Act — superannuation product**

For paragraph 1020G (1) (c) of the Act, Part 7.9 of the Act is modified in its application to a superannuation product to which this Subdivision applies as set out in Part 5B of Schedule 10A.

**7.9.11O Form and content of Product Disclosure Statement for superannuation product**

(1) For modified paragraph 1013C (1) (a) of the Act, a Product Disclosure Statement for a superannuation product to which this Subdivision applies must include the information and statements mentioned in Schedule 10D.

(2) For modified paragraph 1013C (1) (b) of the Act, a Product Disclosure Statement for a superannuation product to which this Subdivision applies must be in the form mentioned in Schedule 10D.

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**7.9.11P Requirements for references to incorporated information for superannuation product**

- (1) For subsection 1013C (1B) of the Act, as modified by Part 5B of Schedule 10A, this regulation prescribes requirements for applying, adopting or incorporating, in a Product Disclosure Statement for a superannuation product to which this Subdivision applies, a matter contained in writing.
- (2) A Product Disclosure Statement may apply, adopt or incorporate a matter only if a provision of these Regulations requires or permits the matter to be applied, adopted or incorporated by the Statement.
- (3) If a Product Disclosure Statement applies, adopts or incorporates a matter:
  - (a) the matter must be:
    - (i) in writing; and
    - (ii) clearly distinguishable from any other matters that are not to be applied, adopted or incorporated; and
    - (iii) if the superannuation product is not issued to a standard employer-sponsored member within the meaning of the *Superannuation Industry (Supervision) Act 1993* — publicly available in a document other than the Statement; and
  - (b) the responsible person for the Statement must identify the matter by:
    - (i) including in the Statement a concise description of the matter; and
    - (ii) ensuring that the reference to the matter is clearly distinguishable from the other contents of the Statement; and
  - (c) the responsible person for the Statement must:
    - (i) identify each version of the matter (by including the date on which the version was prepared) so that a person who, at a particular time, is considering a superannuation product can identify the version that is relevant to the superannuation product at that time; and

- (ii) state the date on which a version was prepared in a prominent position at or near the front of the version; and
- (d) the responsible person for the Statement must ensure that a person who is relying on the Statement is able to have access to:
  - (i) the document containing the matter; or
  - (ii) if there is more than 1 version of the document containing the matter — each version; reasonably easily and reasonably quickly.

(4) The responsible person for the Product Disclosure Statement must also ensure that the Statement includes the statements in the following table relating to the matter, and sets them out in each place at which the matter has been applied, adopted or incorporated.

**Item Statement**

- 1 You should read the important information about *[the subject]* before making a decision. Go to *[location of the matter that has been applied, adopted or incorporated]*
- 2 The material relating to *[matter]* may change between the time when you read this Statement and the day when you sign the application form

(5) The responsible person for the Product Disclosure Statement must also ensure that each document mentioned in subregulation (3) includes the statement in the following table relating to the matter.

**Item Statement**

- 1 The information in this document forms part of the Product Disclosure Statement *[identification by name, date and version (if applicable) of each Statement]*

(6) For the avoidance of doubt, the giving of a Product Disclosure Statement to which this Subdivision applies is taken to be the giving of every matter that is applied, adopted or incorporated in accordance with subregulations (1) to (5).

- (7) If the Product Disclosure Statement applies, adopts or incorporates a matter, the information dealing with the matter is taken to have been given to a person on the day on which the person signs the application form accompanying the Statement.

**7.9.11Q Retention of copies of Product Disclosure Statement for superannuation product**

- (1) This regulation applies if:
- (a) section 1015B of the Act does not apply to require a Product Disclosure Statement to be lodged with ASIC; and
  - (b) the Statement is for a superannuation product to which this Subdivision applies.
- (2) The responsible person for the Product Disclosure Statement must retain a copy of each version of the Statement that the responsible person issues for a period of 7 years starting on the day on which the version is prepared.
- (3) The responsible person for the Product Disclosure Statement must retain a copy of the document from which a matter is applied, adopted or incorporated by the Statement as mentioned in paragraph 7.9.11P (3) (c) for a period of 7 years commencing on the day on which the Statement is prepared.
- (4) If a document from which a matter is adopted, applied or incorporated by the Product Disclosure Statement as mentioned in paragraph 7.9.11P (3) (c) is changed in a way that changes the description of, or reference to, the matter, the responsible person for the Statement must retain a copy of the document for a period of 7 years commencing on the day on which the document is changed.

**7.9.11R Requirement to provide copy of Product Disclosure Statement for superannuation product free of charge**

- (1) For paragraph 1015C (5) (a) of the Act, this regulation specifies requirements as to the manner in which a Product Disclosure Statement for a superannuation product to which this Subdivision applies must be given to a person if the person requests a copy of the Statement.

- (2) The responsible person for the Product Disclosure Statement must give the person, free of charge:
  - (a) a copy of the Statement within 8 business days; and
  - (b) a copy of a matter in writing that is applied, adopted or incorporated by the Statement within 8 business days.

**Subdivision 4.2C Content of Product Disclosure Statement for simple managed investment scheme**

**7.9.11S Application of Subdivision 4.2C**

- (1) This Subdivision applies to:
  - (a) a person that is required to prepare a Product Disclosure Statement for a simple managed investment scheme; and
  - (b) a Product Disclosure Statement for a simple managed investment scheme.
- (2) This Subdivision does not apply to the extent that the simple managed investment scheme relates to a financial product (known as a “quoted product”) which is, or is intended to be, traded on a prescribed financial market.
- (3) This Subdivision does not apply to the extent that the simple managed investment scheme relates to a financial product (known as a “stapled security”) to which the following requirements apply:
  - (a) the product consists of interests in 2 or more financial products;
  - (b) the interests include at least 1 interest in a registered managed investment scheme;
  - (c) under the terms on which each of the interests is to be traded, the interests must be transferred together;
  - (d) there are no financial products in the same class as the interests which may be transferred separately.

- (4) This Subdivision does not apply to the extent that the simple managed investment scheme is a managed investment scheme that has a constitution that provides that:
- (a) a member may direct that an amount of money corresponding to part or all of the amount invested by the member in the scheme be invested in accessible investments; and
  - (b) the distributions of capital and income from the scheme to the member in relation to the member's interests in the scheme will be determined by reference to amounts received by the responsible entity or a custodian in relation to the accessible investments acquired in accordance with the direction.

**7.9.11T Provisions of Part 7.7 of Act that do not apply in relation to simple managed investment scheme**

For paragraph 951C (1) (b) of the Act, section 942DA of the Act does not apply in relation to a simple managed investment scheme to which this Subdivision applies.

**7.9.11U Provisions of Part 7.9 of Act that do not apply in relation to simple managed investment scheme**

For paragraph 1020G (1) (b) of the Act, Subdivision D of Division 2 of Part 7.9 of the Act does not apply in relation to a simple managed investment scheme to which this Subdivision applies.

**7.9.11V Modification of Act — simple managed investment scheme**

For paragraph 1020G (1) (c) of the Act, Part 7.9 of the Act is modified in its application to a simple managed investment scheme to which this Subdivision applies as set out in Part 5C of Schedule 10A.

**7.9.11W Form and content of Product Disclosure Statement for simple managed investment scheme**

- (1) For modified paragraph 1013C (1) (a) of the Act, a Product Disclosure Statement for a simple managed investment scheme to which this Subdivision applies must include the information and statements mentioned in Schedule 10E.
- (2) For modified paragraph 1013C (1) (b) of the Act, a Product Disclosure Statement for a simple managed investment scheme to which this Subdivision applies must be in the form mentioned in Schedule 10E.

**7.9.11X Requirements for references to incorporated information for simple managed investment scheme**

- (1) For subsection 1013C (1B) of the Act, as modified by Part 5C of Schedule 10A, this regulation prescribes requirements for applying, adopting or incorporating, in a Product Disclosure Statement for a simple managed investment scheme to which this Subdivision applies, a matter contained in writing.
- (2) A Statement may apply, adopt or incorporate a matter only if a provision of these Regulations requires or permits the matter to be applied, adopted or incorporated by the Statement.
- (3) If a Product Disclosure Statement applies, adopts or incorporates a matter:
  - (a) the matter must be:
    - (i) in writing; and
    - (ii) clearly distinguishable from any other matters that are not applied, adopted or incorporated; and
    - (iii) publicly available in a document other than the Statement; and
  - (b) the responsible person for the Statement must identify the matter by:
    - (i) including in the Statement a concise description of the matter; and
    - (ii) ensuring that the reference to the matter is clearly distinguishable from the other contents of the Statement; and

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- (c) the responsible person for the Statement must:
    - (i) identify each version of the matter (by including the date on which the version was prepared) so that a person who, at a particular time, is considering a simple managed investment scheme to which this Subdivision applies can identify the version that is relevant to the simple managed investment scheme at that time; and
    - (ii) state the date on which the version was prepared in a prominent position at or near the front of the version; and
  - (d) the responsible person for the Statement must ensure that a person who is relying on the Statement is able to have access to:
    - (i) the matter; or
    - (ii) if there is more than 1 version of the matter — each version;
 

reasonably easily and reasonably quickly.

- (4) The responsible person for the Product Disclosure Statement must also ensure that the Statement includes the statements in the following table relating to the matter, and sets them out in each place at which the matter has been applied, adopted or incorporated.

Item	Statement
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- |   |   |
|---|---|
| 1 | You should read the important information about <i>[the subject]</i> before making a decision. Go to <i>[location of the matter that has been applied, adopted or incorporated]</i> |
| 2 | The material relating to <i>[matter]</i> may change between the time when you read this Statement and the day when you sign the application form                                    |

- (5) The responsible person for the Product Disclosure Statement must also ensure that each document mentioned in subregulation (3) includes the statement in the following table relating to the matter.

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**Item Statement**

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- 1 The information in this document forms part of the Product Disclosure Statement *[identification by name, date and version (if applicable) of each Statement]*
- 

- (6) For the avoidance of doubt:
- (a) the giving of a Product Disclosure Statement to which this Subdivision applies is taken to be the giving of every matter that is applied, adopted or incorporated in accordance with subregulations (1) to (5); and
  - (b) if a document mentioned in subparagraph (3) (a) (iii) refers to more than one PDS, the document:
    - (i) must include a statement to the effect that the information in the document forms part of the Product Disclosure Statement offered by the responsible entity; but
    - (ii) is not required to name each Product Disclosure Statement of which it forms part.
- (7) If the Product Disclosure Statement applies, adopts or incorporates a matter, the information dealing with the matter is taken to have been given to a person on the day on which the person signs the application form accompanying the Statement.

**7.9.11Y Retention of copies of Product Disclosure Statement for simple managed investment scheme**

- (1) The responsible person for a Product Disclosure Statement for a simple managed investment scheme to which this Subdivision applies must retain a copy of each version of the Statement that the responsible person issues for a period of 7 years starting on the day on which the version is prepared.
- (2) The responsible person for the Product Disclosure Statement must retain a copy of the document from which a matter is applied, adopted or incorporated by the Statement as mentioned in paragraph 7.9.11X (3) (c) for a period of 7 years commencing on the day on which the Statement is prepared.

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- (3) If a document from which a matter is adopted, applied or incorporated by the Product Disclosure Statement as mentioned in paragraph 7.9.11X (3) (c) is changed in a way that changes the description of, or reference to, the matter, the responsible person for the Statement must retain a copy of the document for a period of 7 years commencing on the day on which the document is changed.

**7.9.11Z Requirement to provide copy of Product Disclosure Statement for simple managed investment scheme free of charge**

- (1) For paragraph 1015C (5) (a) of the Act, this regulation specifies requirements as to the manner in which a Product Disclosure Statement for a simple managed investment scheme to which this Subdivision applies must be given to a person if the person requests a copy of the Statement.
- (2) The responsible person for the Product Disclosure Statement must give the person, free of charge:
- (a) a copy of the Statement within 8 business days; and
  - (b) a copy of a matter in writing that is applied, adopted or incorporated by the Statement within 8 business days.

**[7] Subregulation 7.9.15DA (1)**

*omit*

and subject to subregulation (4),

*insert*

and subject to subregulation (1A) and (4),

**[8] After subregulation 7.9.15DA (1)**

*insert*

- (1A) This regulation does not apply if the Product Disclosure Statement is for:
- (a) a margin loan; or

- (b) a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies; or
- (c) a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 applies.

**[9] Regulation 7.9.15DB**

*omit*

If section 1015B

*insert*

- (1) If section 1015B

**[10] Regulation 7.9.15DB**

*insert*

- (2) This regulation does not apply if the Product Disclosure Statement is for:
  - (a) a margin loan; or
  - (b) a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies; or
  - (c) a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 applies.

**[11] Regulation 7.9.15DC**

*omit*

A document,

*insert*

- (1) A document,

**[12] Regulation 7.9.15DC***insert*

- (2) This regulation does not apply if the Product Disclosure Statement is for:
- (a) a margin loan; or
  - (b) a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies; or
  - (c) a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 applies.

**[13] Regulation 7.9.16L***omit*

For paragraph

*insert*

- (1) For paragraph

**[14] Regulation 7.9.16L***insert*

- (2) This regulation does not apply if the Product Disclosure Statement is for:
- (a) a margin loan; or
  - (b) a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies; or
  - (c) a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 applies.

**[15] Schedule 10A, heading**

*substitute*

**Schedule 10A Modifications of Part 7.9 of the Act**

(regulations 7.9.02, 7.9.04, 7.9.05, 7.9.06, 7.9.10B, 7.9.11, 7.9.11C, 7.9.11N, 7.9.11V, 7.9.12, 7.9.24, 7.9.27, 7.9.30, 7.9.43, 7.9.47, 7.9.51, 7.9.56, 7.9.60, 7.9.61, 7.9.63, 7.9.73 and 8.4.02)

**[16] Schedule 10A, after Part 5**

*insert*

**Part 5A Modifications for margin loan**

**5A.1 Section 1011B, after definition of *regulated person***

*insert*

***Regulations*** means the *Corporations Regulations 2001*.

**5A.2 Subsection 1013C (1)**

*substitute*

- (1) A Product Disclosure Statement for a margin loan to which Subdivision 4.2A of Division 4 of Part 7.9 of the *Corporations Regulations 2001* applies must:
  - (a) include the statements and information required by regulations made for this paragraph; and
  - (b) be in the form required by regulations made for this paragraph.
- (1A) If a law other than this Act or regulations under this Act requires the responsible person for the Product Disclosure Statement:
  - (a) to give, disclose or provide a matter; or
  - (b) to include a matter in the Statement;

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the Statement may make provision for the matter by applying, adopting or incorporating the matter as in force at a particular time or as in force from time to time.

- (1B) In addition to subsection (1A), a Product Disclosure Statement may make provision for a matter contained in writing by applying, adopting or incorporating the matter as in force at a particular time or as in force from time to time.
- (1C) If a Product Disclosure Statement applies, adopts or incorporates a matter contained in writing:
- (a) the applied, adopted or incorporated matter forms part of the Statement; and
  - (b) the responsible person for the Statement is not required to give the document which provides for the matter to a person (as part of giving the Statement or later) if that person has not asked for the document; and
  - (c) the responsible person for the Statement must give the document which provides for the matter to a person if that person asks for the document.
- (1D) The regulations may prescribe requirements for applying, adopting, or incorporating a matter contained in writing in a Product Disclosure Statement.
- (1E) A Product Disclosure Statement may refer to information, other than information to which subsection (1A) or (1B) applies, that is set out in another document; and
- (1F) If the Product Disclosure Statement refers to other information as permitted by subsection (1E), that information does not form part of the Statement.

*Note* Although the information mentioned in subsection (1F) would not form part of the Product Disclosure Statement, it would be subject to requirements imposed by the Act or these Regulations such as the prohibition on making misleading or deceptive statements.

### **5A.3 Section 1013D**

*omit*

**5A.4 Section 1013E**

*omit*

**5A.5 Section 1013L**

*substitute*

**1013L When Product Disclosure document may consist of 2 or more documents**

A Product Disclosure Statement may consist of 2 or more documents, only if:

- (a) one of the documents is a document that complies with the requirements for a Product Disclosure Statement under this Act and the Regulations; and
- (b) the other document or documents contain a matter in writing that is applied, adopted or incorporated by the document mentioned in paragraph (a).

**5A.6 Subdivision D, Division 2**

*omit*

**5A.7 Subsection 1015D (3)**

*omit*

**Part 5B Modifications for superannuation products to which Subdivision 4.2B of Division 4 of Part 7.9 applies**

**5B.1 Section 1011B, after definition of *regulated person***

*insert*

***Regulations*** means the *Corporations Regulations 2001*.

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**5B.2 Subsection 1013C (1)**

*substitute*

- (1) A Product Disclosure Statement for a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 of the *Corporations Regulations 2001* applies must:
  - (a) include the statements and information required by regulations made for this paragraph; and
  - (b) be in the form required by regulations made for this paragraph.
- (1A) If a law other than this Act or regulations under this Act requires the responsible person for the Product Disclosure Statement:
  - (a) to give, disclose or provide a matter; or
  - (b) to include a matter in the Statement;the Statement may make provision for the matter by applying, adopting or incorporating the matter as in force at a particular time or as in force from time to time.
- (1B) In addition to subsection (1A), a Product Disclosure Statement may make provision for a matter contained in writing by applying, adopting or incorporating the matter as in force at a particular time or as in force from time to time.
- (1C) If a Product Disclosure Statement applies, adopts or incorporates a matter contained in writing:
  - (a) the applied, adopted or incorporated matter forms part of the Statement; and
  - (b) the responsible person for the Statement is not required to give the document which provides for the matter to a person (as part of giving the Statement or later) if that person has not asked for the document; and
  - (c) the responsible person for the Statement must give the document which provides for the matter to a person if that person asks for the document.
- (1D) The regulations may prescribe requirements for applying, adopting, or incorporating a matter contained in writing in a Product Disclosure Statement.

- (1E) A Product Disclosure Statement may refer to information, other than information to which subsection (1A) or (1B) applies, that is set out in another document; and
- (1F) If the Product Disclosure Statement refers to other information as permitted by subsection (1E), that information does not form part of the Statement.

*Note* Although the information mentioned in subsection (1F) would not form part of the Product Disclosure Statement, it would be subject to requirements imposed by the Act or these Regulations such as the prohibition on making misleading or deceptive statements.

**5B.3 Section 1013D**

*omit*

**5B.4 Section 1013E**

*omit*

**5B.5 Section 1013L**

*substitute*

**1013L When Product Disclosure Statement may consist of 2 or more documents**

A Product Disclosure Statement may consist of 2 or more documents only if:

- (a) one of the documents is a document that complies with the requirements for a Product Disclosure Statement under this Act and the Regulations; and
- (b) the other document or documents contain a matter in writing that is applied, adopted or incorporated by the document mentioned in subparagraph (a).

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**5B.6 Subsection 1015D (3)**

*omit*

**Part 5C Modifications for simple managed investment scheme****5C.1 Section 1011B, after definition of *regulated person***

*insert*

***Regulations*** means the *Corporations Regulations 2001*.

**5C.2 Subsection 1013C (1)**

*substitute*

- (1) A Product Disclosure Statement for a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 of the *Corporations Regulations 2001* applies must:
  - (a) include the statements and information required by regulations made for this paragraph; and
  - (b) be in the form required by regulations made for this paragraph; and
  - (c) relate only to 1 simple managed investment scheme.
- (1A) If a law other than this Act or regulations under this Act requires the responsible person for the Product Disclosure Statement:
  - (a) to give, disclose or provide a matter; or
  - (b) to include a matter in the Statement;the Statement may make provision for the matter by applying, adopting or incorporating the matter as in force at a particular time or as in force from time to time.
- (1B) In addition to subsection (1A), a Product Disclosure Statement may make provision for a matter contained in writing by applying, adopting or incorporating the matter as in force at a particular time or as in force from time to time.

- (1C) If a Product Disclosure Statement applies, adopts or incorporates a matter contained in writing:
  - (a) the applied, adopted or incorporated matter forms part of the Statement; and
  - (b) the responsible person for the Statement is not required to give the document which provides for the matter to a person (as part of giving the Statement or later) if that person has not asked for the document; and
  - (c) the responsible person for the Statement must give the document which provides for the matter to a person if that person asks for the document.
- (1D) The regulations may prescribe requirements for applying, adopting, or incorporating a matter contained in writing in a Product Disclosure Statement.
- (1E) A Product Disclosure Statement may refer to information, other than information to which subsection (1A) or (1B) applies, that is set out in another document; and
- (1F) If the Product Disclosure Statement refers to other information as permitted by subsection (1E), that information does not form part of the Statement.

*Note* Although the information mentioned in subsection (1F) would not form part of the Product Disclosure Statement, it would be subject to requirements imposed by the Act or these Regulations such as the prohibition on making misleading or deceptive statements.

**5C.2 Section 1013D**

*omit*

**5C.3 Section 1013E**

*omit*

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**5C.4 Section 1013L**

*substitute*

**1013L When Product Disclosure Statement may consist of 2 or more documents**

A Product Disclosure Statement may consist of 2 or more documents only if:

- (a) one of the documents is a document that complies with the requirements for a Product Disclosure Statement under this Act and the Regulations; and
- (b) the other document or documents contain a matter in writing that is applied, adopted or incorporated by the document mentioned in subparagraph (a).

**5C.5 Subsection 1015D (3)**

*omit*

**[17] After Schedule 10BA**

*insert*

**Schedule 10C Form and content of Product Disclosure Statement — margin loan**

(regulation 7.9.11D)

**1 Length and font size for Product Disclosure Statement for margin loan**

- (1) The length of a Product Disclosure Statement for a margin loan (not including any title page, table of contents or matter in writing that is applied, adopted or incorporated by the Statement) must not exceed:
  - (a) if it is printed on A4 pages — 4 pages; or
  - (b) if it is printed on A5 pages — 8 pages; or
  - (c) if it is printed on DL pages — 12 pages; or

(d) otherwise — if it is formatted to be printed on A4 pages, 4 A4 pages.

(2) The minimum font size for text in the Statement is:

(a) for the name, address, ABN (if applicable), ACN (if applicable) and AFSL (if applicable) of the person giving the Statement — 8 points; and

(b) for all other text — 9 points.

*Note 1* The Product Disclosure Statement must be worded and presented in a clear, concise and effective manner — see subsection 1013C (3) of the Act.

*Note 2* A person required to give a Product Disclosure Statement to a vision-impaired person must comply with its obligations under the *Disability Discrimination Act 1992*.

## **2 Minimum content of Product Disclosure Statement for margin loan**

(1) The Product Disclosure Statement must include the following sections, which must be numbered and titled as follows:

1. About [name of provider of the margin loan] and [name of margin loan product]
2. Benefits of [name of margin loan product]
3. How [name of margin loan product] works
4. What is a margin call?
5. The risk of losing money
6. The costs
7. How to apply.

(2) The Product Disclosure Statement must include:

(a) a table of contents that sets out the titles mentioned in subclause (1); and

(b) the telephone number of the provider of the margin loan to enable a borrower for the margin loan to request a copy of the following under regulation 7.9.11G:

- (i) a copy of the Statement; and
- (ii) a copy of a matter in writing that is applied, adopted or incorporated by the Statement.

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- (3) The Product Disclosure Statement must:
- (a) advise a person reading the Statement that:
    - (i) it is a summary of significant information and contains a number of references to important information (each of which forms part of the Statement); and
    - (ii) the person should consider that information before making a decision about the product; and
    - (iii) the information provided in the Statement is general information only and does not take account of the person's personal financial situation or needs; and
    - (iv) the person should obtain financial advice tailored to the person's personal circumstances; and
  - (b) display the advice:
    - (i) at or near the beginning of the document; and
    - (ii) in a prominent position and style.
- (4) The Product Disclosure Statement:
- (a) may include additional sections after sections 1 to 7; and
  - (b) may include other information;
- to an extent that does not have the effect of contravening subclause 1 (1).
- (5) The Product Disclosure Statement does not need to indicate that a particular requirement is not applicable to the margin loan.

*Note* The Act, as modified in accordance with Subdivision 4.2A of Division 4 of Part 7.9, requires information to be included in the Product Disclosure Statement only to the extent to which the requirement is applicable to the margin loan.

### **3 Contents of section 1 (About [name of provider of the margin loan] and [name of margin loan product])**

Section 1 of the Product Disclosure Statement must include:

- (a) a short description of the margin loan provider and its business; and
- (b) a short summary of what margin lending is; and

- (c) a statement setting out the possible consequences of borrowing money to invest, including the effect of magnifying both gains and losses; and
- (d) a statement that the borrower for a margin loan should regularly monitor the borrower's portfolio so that:
  - (i) the borrower can be aware of changes (if any) to the terms of the margin loan; and
  - (ii) the borrower can take timely action to prevent potential losses in relation to the borrower's portfolio; and
- (e) a statement that the borrower for a margin loan may need, at short notice, to pay an additional amount into the margin loan or sell some of the investments for which the margin loan is made; and
- (f) a statement that the provider of a margin loan has the right in certain circumstances to sell all, or part, of the borrower's portfolio and may not be required under the terms of the margin loan to provide notice to the borrower of its intention to sell; and
- (g) a statement that if the value of the portfolio for a margin loan does not cover the cost of repayments for the margin loan:
  - (i) the borrower for the margin loan may need to access other funds to repay the margin loan; or
  - (ii) the provider of the margin loan may sell assets provided as security for the margin loan, for example, the borrower's residential property; and
- (h) a statement that the law requires the provider of a margin loan to:
  - (i) assess whether the margin loan is unsuitable for the potential borrower for the margin loan; and
  - (ii) if the potential borrower for the margin loan requests a copy of the assessment — to provide a copy of the assessment to the potential borrower for the margin loan.

*Note* The provider of a margin loan is not required to give the borrower or potential borrower for the margin loan a copy of the assessment if the margin loan is not issued.

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**4 Contents of section 2 (Benefits of [name of margin loan product])**

- (1) Section 2 of the Product Disclosure Statement for a margin loan must include a description of the key benefits available to the borrower or potential borrower for the margin loan.
- (2) Section 2 of the Statement may include a description about other benefits available to a borrower or potential borrower for the margin loan other than the benefits mentioned in subclause (1).
- (3) Section 2 of the Statement may provide for the description mentioned in subclause (2) by applying, adopting or incorporating a matter in writing.

**5 Contents of section 3 (How [name of margin loan product] works)**

- (1) Section 3 of the Product Disclosure Statement for a margin loan must include:
  - (a) an explanation of how margin lending works including information about the following:
    - (i) the maximum loan amount for the margin loan;
    - (ii) the loan-to-value ratios for the margin loan; and
  - (b) at least 1 example that illustrates the matters mentioned in subparagraphs (a) (i) and (ii); and
  - (c) a description of the financial products that the borrower or potential borrower for the margin loan can purchase with the margin loan (including the Approved Securities List for the provider or potential provider of the margin loan); and
  - (d) an explanation of who owns the investments purchased with the margin loan; and
  - (e) a statement that:
    - (i) details of the rights and obligations of the borrower for a margin loan are set out in the terms of the agreement for the margin loan; and
    - (ii) recommends that a potential borrower for a margin loan read the loan agreement; and

- (iii) explains how a potential borrower can obtain a copy of the loan agreement; and
  - (f) an explanation of any other features of the margin loan that:
    - (i) are not covered by the matters mentioned in paragraphs (a), (c) and (d); and
    - (ii) are sufficiently important to be material to a reasonable person's decision to take out the margin loan; and
  - (g) a reference to:
    - (i) the calculator provided on a website operated by or on behalf of the Commonwealth and an explanation of the assistance the calculator can provide; or
    - (ii) if the provider or potential provider of the margin loan provides a calculator to borrowers or potential borrowers for the margin loan — that calculator and an explanation of the assistance the calculator can provide.
- (2) Section 3 of the Statement may provide for the following matters by applying, adopting or incorporating the matter in writing:
- (a) the Approved Securities List;
  - (b) the explanation mentioned in paragraph (1) (f).

## **6 Contents of section 4 (What is a margin call?)**

Section 4 of the Product Disclosure Statement for a margin loan must include:

- (a) if the terms of the margin loan include a margin call:
  - (i) an explanation of what a margin call is; and
  - (ii) an explanation of when there will be a margin call in response to changes in the market; and
  - (iii) an explanation of when there will be a margin call at the discretion of the provider of the margin loan; and
  - (iv) at least 1 example of how a margin call works, including:
    - (A) the impact of breaching the loan-to-value ratio (**LVR**) for the margin loan; and

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- (B) how to adjust the LVR back to the required level for the margin loan; and
  - (C) how the buffer (if any) for the margin loan operates; and
  - (v) a description of how a margin call can be dealt with by the borrower for the margin loan; and
  - (vi) a statement that if there is a margin call, the provider of the margin loan will notify the borrower for the margin loan, or the borrower's financial advisor, that the margin call has occurred; and
  - (vii) a statement that the borrower for the margin loan must be contactable at all times in case of a margin call; and
- (b) if the terms of the margin loan do not include a margin call, a statement to that effect.

## **7 Contents of section 5 (The risk of losing money)**

- (1) Section 5 of the Product Disclosure Statement for a margin loan must include a description of the risks associated with margin lending to a borrower for the margin loan, including a description of any of the following risks, if relevant:
- (a) the risk that the value of the borrower's investment may fall and the possible consequences to the borrower if this occurs, in particular the risk of a margin call occurring;
  - (b) the risk that the provider of the margin loan may change the loan-to-value ratio of an investment at any time and the consequences to the borrower of the change, in particular, the risk of a margin call occurring;
  - (c) the risk that the provider of the margin loan may remove an investment from the Approved Securities List and the consequences for the borrower if this occurs, in particular, the risk of a margin call occurring;
  - (d) the risk that the interest rate for the margin loan may rise and the consequences for the borrower if this occurs, in particular, the possibility that interest payments owed by the borrower may exceed the returns available from the borrower's portfolio;

- 
- (e) the risk of the loss of property of the borrower if the property has been mortgaged as security for, or in connection with, the margin loan;
  - (f) the risk of a default event under the loan agreement occurring and the potential consequences for the borrower if a default event does occur;
  - (g) the risk that the taxation laws may change and that this may have a negative effect on the tax position for the borrower for the margin loan;
  - (h) any other significant risks that a reasonable person would consider to be relevantly associated with the margin loan.
- (2) Section 5 of the Statement must include a hyperlink to the page on a website operated by or on behalf of the Commonwealth that provides information about margin loans.
  - (3) Section 5 of the Statement may include information about risks associated with margin lending other than the risks mentioned in subclause (1).
  - (4) Section 5 of the Statement may provide for the information mentioned in subclause (3) by applying, adopting or incorporating a matter in writing.

## **8 Contents of section 6 (The costs)**

- (1) Section 6 of the Product Disclosure Statement for a margin loan must include the following:
  - (a) a description of the interest rate for the margin loan, including how the interest rate is calculated;
  - (b) a statement about whether a default interest rate will be charged for the margin loan;
  - (c) details of any fee or cost to be charged by the provider of the margin loan, unless the fee is a minor fee;
  - (d) a statement about whether a fee or cost to be charged by the provider for the loan can be unilaterally changed by the provider under the loan agreement;
  - (e) a list of matters for which the provider of the margin loan will charge a minor fee for the margin loan;

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- (f) a statement about whether a commission or fee is payable to a financial advisor or other third party for the margin loan and, if a commission or fee is payable:
    - (i) the circumstances in which the commission or fee will be payable; and
    - (ii) how the borrower for the margin loan can obtain more detailed information about the commission or fee.
  - (2) Section 6 of the Statement must include:
    - (a) a statement of the interest rate for the margin loan; and
    - (b) details of any minor fee the provider of the margin loan will charge for the margin loan.
  - (3) Section 6 of the Statement may provide for the statement mentioned in paragraph (2) (a) or the details mentioned in paragraph (2) (b) by applying, adopting or incorporating a matter in writing

## **9 Contents of section 7 (How to apply)**

- (1) Section 7 of the Product Disclosure Statement for a margin loan must include:
  - (a) information about how to apply for the margin loan; and
  - (b) a short summary about the dispute resolution system the provider of the margin loan has for dealing with disputes or complaints about the loan, including:
    - (i) how a borrower for the loan may make a complaint about the loan; and
    - (ii) contact details for making a complaint about the loan.
- (2) The margin loan provider:
  - (a) may provide more detailed information about cooling-off periods, complaints and dispute resolution; and
  - (b) may provide that information by applying, adopting or incorporating a matter in writing.

## **Schedule 10D Form and content of Product Disclosure Statement — superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies**

(regulation 7.9.11O)

### **1 Length and font size for Product Disclosure Statement for superannuation product**

- (1) The length of a Product Disclosure Statement for a superannuation product to which Subdivision 4.2B of Division 4 of Part 7.9 applies (not including any matter in writing that is applied, adopted or incorporated by the Statement) must not exceed:
  - (a) if it is printed on A4 pages — 8 pages; or
  - (b) if it is printed on A5 pages — 16 pages; or
  - (c) if it is printed on DL pages — 24 pages; or
  - (d) otherwise — if it is formatted to be printed on A4 pages, 8 A4 pages.
- (2) The minimum font size for text in the Statement is:
  - (a) for the name, address, ABN (if applicable), ACN (if applicable) and AFSL (if applicable) of the person giving the Statement — 8 points; and
  - (b) for all other text — 9 points.

*Note 1* The Product Disclosure Statement must be worded and presented in a clear, concise and effective manner — see subsection 1013C (3) of the Act.

*Note 2* A person required to give a Product Disclosure Statement to a vision-impaired person must comply with its obligations under the *Disability Discrimination Act 1992*.

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## **2 Minimum content of Product Disclosure Statement for superannuation product**

- (1) Subject to subclause 10 (1), the Product Disclosure Statement must include sections which must be numbered and titled as follows:
  1. About [name of superannuation product]
  2. How super works
  3. Benefits of investing with [name of superannuation product]
  4. Risks of super
  5. How we invest your money
  6. Fees and costs
  7. How super is taxed
  8. Insurance in your super
  9. How to open an account.
- (2) However, if the superannuation product does not offer insurance cover:
  - (a) section 9 may be presented as section 8; and
  - (b) if section 9 is presented as section 8 — a reference in clause 11 to section 9 is taken to be a reference to section 8.
- (3) The Product Disclosure Statement must include:
  - (a) a table of contents that sets out the titles mentioned in subclause (1); and
  - (b) the telephone number of the superannuation trustee to enable a person who acquires the superannuation product to request a copy of the following under regulation 7.9.11R:
    - (i) a copy of the Statement; and
    - (ii) a copy of a matter in writing that is applied, adopted or incorporated by the Statement.

- (4) The Product Disclosure Statement must:
- (a) advise a person reading the Statement that:
    - (i) it is a summary of significant information and contains a number of references to important information (each of which forms part of the Statement); and
    - (ii) the person should consider that information before making a decision about the product; and
    - (iii) the information provided in the Statement is general information only and does not take account of the person's personal financial situation or needs; and
    - (iv) the person should obtain financial advice tailored to the person's personal circumstances; and
  - (b) display the advice:
    - (i) at or near the beginning of the document; and
    - (ii) in a prominent position and style.
- (5) The Product Disclosure Statement:
- (a) may include additional sections after sections 1 to 9; and
  - (b) may include other information;
- to an extent that does not have the effect of contravening subclause 1 (1).
- (6) The Product Disclosure Statement does not need to indicate that a particular requirement is not applicable to the superannuation product.

*Note* The Act, as modified in accordance with Subdivision 4.2B of Division 4 of Part 7.9, requires information to be included in the Product Disclosure Statement only to the extent to which the requirement is applicable to the superannuation product.

### **3 Contents of section 1 (About [name of superannuation product])**

Section 1 of the Product Disclosure Statement must describe, in the form of a summary, the superannuation fund and its products.

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**4 Contents of section 2 (How super works)**

- (1) Section 2 of the Product Disclosure Statement must include statements to the effect that:
  - (a) superannuation is a means of saving for retirement which is, in part, compulsory; and
  - (b) there are different types of contributions available to a person (for example, employer contributions, voluntary contributions, government co-contributions); and
  - (c) there are limitations on contributions to, and withdrawals from, superannuation; and
  - (d) tax savings are provided by the Government; and
  - (e) most people have the right to choose into which fund the employer should direct their superannuation guarantee contributions.
- (2) The superannuation trustee may provide more detailed information on the matters set out in subclause (1) by:
  - (a) applying, adopting or incorporating a matter in writing; or
  - (b) providing a reference to a website, operated by or on behalf of the Commonwealth, that contains the information.

**5 Contents of section 3 (Benefits of investing with [name of superannuation product])**

- (1) Section 3 of the Product Disclosure Statement must describe the superannuation product covered by the Statement, including a summary of its significant features and the benefits it provides.
- (2) The superannuation trustee may provide additional information about significant benefits of superannuation or other significant features of the superannuation product by applying, adopting or incorporating a matter in writing.

**6 Contents of section 4 (Risks of super)**

- (1) Section 4 of the Product Disclosure Statement must include statements to the following effect:
  - (a) all investments carry risk;

- (b) different strategies may carry different levels of risk, depending on the assets that make up the strategy;
  - (c) assets with the highest long-term returns may also carry the highest level of short-term risk.
- (2) Section 4 must describe, in the form of a summary, the significant risks of the particular superannuation product.
- (3) Section 4 must describe the significant risks of superannuation (to the extent only that the description required by subitem (2) has not already described the risk) by including statements to the following effect:
  - (a) the value of investments will vary;
  - (b) the level of returns will vary, and future returns may differ from past returns;
  - (c) returns are not guaranteed, and persons may lose some of their money;
  - (d) superannuation laws may change in the future;
  - (e) the amount of a person's future superannuation savings (including contributions and returns) may not be enough to provide adequately for the person's retirement;
  - (f) the level of risk for each person will vary depending on a range of factors, including:
    - (i) age; and
    - (ii) investment time frames; and
    - (iii) where other parts of the person's wealth are invested; and
    - (iv) the person's risk tolerance.
- (4) The superannuation trustee may provide additional information about significant risks of superannuation by applying, adopting or incorporating a matter in writing.

## **7 Contents of section 5 (How we invest your money)**

- (1) Section 5 of the Product Disclosure Statement must describe, in the form of a summary:
  - (a) the investment options being offered; and

- 
- (b) what happens if the person does not make a choice of where to invest.
- (2) Section 5 must state, in the form of a warning, that the person must consider:
    - (a) the likely investment return; and
    - (b) the risk; and
    - (c) the person's investment timeframe; when choosing an option in which to invest.
  - (3) For at least 1 investment option, section 5 must:
    - (a) state the name of the option and give a short description of it, including the type of investors for whom it is intended to be suitable; and
    - (b) list the asset classes in which the option invests, and set out, in the form of a range or otherwise, the strategic asset allocation of the asset classes; and
    - (c) describe the investment return objective of the option; and
    - (d) state the minimum suggested time frame for holding the investment; and
    - (e) describe, in the form of a summary, the risk level of the option.
  - (4) If the superannuation product has a default option, section 5 must give the information mentioned in subclause (3) for the default option, whether or not section 5 gives that information for any other investment option.
  - (5) If the superannuation product offers more than 1 default investment option, section 5 must give the information mentioned in subclause (3) for the default investment option under which the superannuation trustee has the most funds invested, whether or not section 5 gives that information for any other investment option
  - (6) If the superannuation product does not have a default option, and has a balanced investment option (within the meaning given by item 101 of Schedule 10), section 5 must give the information mentioned in subclause (3) for the balanced investment option, whether or not section 5 gives that information for any other investment option.

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- (7) If the superannuation product does not have a default option, and does not have a balanced investment option, section 5 must give the information mentioned in subclause (3) for the investment option under which the superannuation trustee has the most funds invested, whether or not section 5 gives that information for any other investment option.
- (8) Section 5:
- (a) must make provision for each investment option which is not presented in section 5 in accordance with subclause (3), (4), (5), (6) or (7); and
  - (b) may make provision for the option by applying, adopting or incorporating matter in a document that:
    - (i) includes the information mentioned in subclause (3); and
    - (ii) presents it in the way mentioned in the subclause.
- (9) The superannuation trustee:
- (a) must provide information about how a person may switch the person's investments; and
  - (b) must provide information about:
    - (i) whether the superannuation product's investment options may be changed; and
    - (ii) and, if so, how the options may be changed; and
  - (c) must describe, in the form of a summary, the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the superannuation product; and
  - (d) may provide the information in paragraphs (a) to (c), and any additional information about investment options, by applying, adopting or incorporating a matter in writing.

## **8 Contents of section 6 (Fees and costs)**

- (1) For each investment option of the superannuation product that is presented in section 5 in detail in accordance with subclause 7 (3), section 6 of the Product Disclosure Statement must state:
- (a) the cost of acquiring the option; and

(b) the fees and costs that are charged in relation to the option.

*Note* The statement will be made using the template set out in subclause (3).

- (2) Before setting out any other substantive material, section 6 must:
- (a) set out the Consumer Advisory Warning in clause 221 of Schedule 10; and
  - (b) give a concise example in the form set out in the Consumer Advisory Warning in clause 221 of Schedule 10.
- (3) Section 6 must set out the fees and costs for each investment option that is presented in section 5 in detail in accordance with subclause 7 (3), using the following template.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the fund</b>	
<i>Establishment fee</i>	
<i>Contribution fee</i>	
<i>Withdrawal fee</i>	
<i>Termination fee</i>	
<b>Management costs</b>	
The fees and costs for managing your investment	

*[If there are other service fees, such as advisor service fees or special request fees, include a cross reference to the document that contains the information mentioned in paragraph (10) (a).]*

- (4) The template is to be completed in accordance with Division 3 of Schedule 10 (including definitions applicable to that Division), except that:
- (a) clauses 203, 205, 206 and 207 and subclause 208 (2) do not apply; and
  - (b) the reference in clause 204 to clause 205 and clause 206 does not apply; and

- (c) the example in subclause 208 (1) is to be treated as stating:  
“(for example, by using an asterisk with a footnote stating ‘The amount of this fee can be negotiated’)”.
- (5) Section 6 must set out the information about fee changes set out in paragraph 209 (k) of Schedule 10.
- (6) Section 6 must:
  - (a) state that the information in the template can be used to compare costs between different superannuation products; and
  - (b) state concisely, and in general terms, that fees and costs can be paid directly from the person’s account or deducted from investment returns.
- (7) Section 6 must give a worked example as follows:
  - (a) if the superannuation product offers more than 1 default investment option, section 6 must give a worked example for the default investment option under which the superannuation trustee has the most funds invested;
  - (b) if the superannuation product does not have a default option, and has a balanced investment option (within the meaning given by item 101 of Schedule 10), section 6 must give a worked example for the balanced investment option;
  - (c) if the superannuation product does not have a default option, and does not have a balanced investment option, section 6 must give a worked example for the investment option under which the superannuation trustee has the most funds invested;

in accordance with Divisions 5 and 6 of Schedule 10 (including definitions applicable to those Divisions), except that clauses 212 and 220 do not apply.
- (8) Section 6:
  - (a) must refer to the calculator provided by ASIC on its FIDO website or a similar website operated by or on behalf of ASIC; and
  - (b) may also refer to the calculator (if any) provided by the superannuation trustee on its website; and

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- (c) must state that each calculator referred to can be used to calculate the effect of fees and costs on account balances.
- (9) If additional fees may be payable to a financial advisor, section 6 must:
- (a) state, in the form of a warning, that additional fees may be paid to a financial advisor if a financial advisor is consulted; and
  - (b) refer to the Statement of Advice in which details of the fees are set out; and
  - (c) if applicable:
    - (i) state that fees may be paid to the employer entity's financial adviser; and
    - (ii) explain how the fees are determined.
- (10) The superannuation trustee:
- (a) must provide the fees and costs of each of the investment options in accordance with Schedule 10, and may do so by applying, adopting or incorporating a matter in writing; and
  - (b) may provide more detailed information about fees and costs by applying, adopting or incorporating a matter in writing.

## **9 Contents of section 7 (How super is taxed)**

- (1) Section 7 of the Product Disclosure Statement must describe, in the form of a summary, the significant tax information relating to superannuation products, including:
- (a) how tax amounts due are paid; and
  - (b) the main taxes that are payable in relation to contributions (if contributions are permitted), fund earnings and withdrawals.
- (2) Section 7 must:
- (a) state, in the form of a warning, that the person should provide the person's tax file number as part of acquiring the superannuation product; and
  - (b) explain, in the form of a summary, the consequences if the person does not provide the person's tax file number; and

- (c) if contributions are permitted — set out a warning that there will be taxation consequences if the contribution caps applicable to superannuation are exceeded.
- (3) The superannuation trustee may provide additional information about taxation matters relating to superannuation products by applying, adopting or incorporating a matter in writing.

## **10 Contents of section 8 (Insurance in your super)**

- (1) If the superannuation product does not offer insurance cover, the Product Disclosure Statement is not required to include any of the information in this clause.
- (2) If the superannuation product offers insurance cover, section 8 must:
  - (a) describe, in the form of a summary, the main types of insurance cover that a person can acquire; and
  - (b) describe, in the form of a summary, how to apply for insurance cover; and
  - (c) include a statement to the effect that there are costs associated with insurance cover; and
  - (d) describe, in the form of a summary, who is responsible for paying the insurance costs and how they are calculated.
- (3) If the superannuation product offers insurance cover by default, section 8 must:
  - (a) describe, in the form of a summary, the level and type of cover; and
  - (b) state:
    - (i) the actual cost of the cover in dollars, or the range of costs that would be payable depending on a person's circumstances; and
    - (ii) who is responsible for paying the costs; and
  - (c) state whether a person can:
    - (i) decline to acquire the cover; or
    - (ii) cancel the cover; and
  - (d) state how a person can decline to acquire the cover or cancel the cover; and

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- (e) state whether a person can change the person's insurance cover; and
  - (f) state how a person can change the person's insurance cover; and
  - (g) state, in the form of a warning, that, unless a person declines to acquire the default insurance cover or cancels it, the cost of the cover will be deducted from the person's account or from the person's contributions (as applicable); and
  - (h) include information about eligibility for, and the cancellation of, the insurance cover; and
  - (i) include information about any conditions and exclusions that are applicable to the insurance cover.
- (4) If the superannuation product does not offer insurance cover by default but offers insurance cover as an option, section 8 must include the following information:
- (a) the level and type of insurance cover available;
  - (b) the actual cost of the cover in dollars, or the range of costs that would be payable depending on a person's circumstances;
  - (c) eligibility for, and the cancellation of, the insurance cover;
  - (d) any conditions and exclusions that are applicable to the insurance cover;
  - (e) any other significant matter in relation to insurance cover.

*Examples for paragraph (e)*

1 Information about how a person can apply for the insurance cover.

2 Information about how a person can subsequently change or cancel the insurance cover.

- (5) The superannuation trustee:
- (a) may provide the information in paragraphs (3) (h) and (i) and subclause (4); and
  - (b) may provide additional information about insurance cover; by applying, adopting or incorporating a matter in writing.
- (6) If information about:
- (a) eligibility for, or the cancellation of, the insurance cover; or

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- (b) any conditions and exclusions that are applicable to the insurance cover;

is provided for in accordance with subclause (5), section 8 must include a warning to the effect that the matter may affect a person's entitlement to insurance cover and that the information should be read before deciding whether the insurance is appropriate.

- (7) If information about:

- (a) the level and type of optional insurance cover available; or  
(b) the actual cost of the optional insurance cover in dollars, or the range of costs that would be payable depending on a person's circumstances; or

- (c) any other significant matter in relation to insurance cover; is provided for in accordance with subclause (5), section 8 must include a warning to the effect that the information should be read before deciding whether the insurance is appropriate.

## **11 Contents of section 9 (How to open an account)**

- (1) Section 9 of the Product Disclosure Statement must, if applicable:

- (a) describe, in the form of a summary, how to open an account with the superannuation provider; and  
(b) explain the cooling-off period that applies to the superannuation product; and  
(c) explain how to make a complaint (by means that include the provision of relevant contact details).

*Note* The effect of subclause 10 (1) is that the Product Disclosure Statement is not required to include section 8 (as set out in clause 10) if the superannuation product does not offer insurance cover. In that case, subclause 2 (2) allows the Statement to present the information in this clause as "section 8" or "section 9".

- (2) The superannuation trustee:

- (a) may provide more detailed information about cooling-off periods, complaints and dispute resolution; and  
(b) may provide that information by applying, adopting or incorporating a matter in writing.

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## **Schedule 10E Form and content of Product Disclosure Statement — simple managed investment scheme**

(regulation 7.9.11W)

### **1 Length and font size for Product Disclosure Statement for simple managed investment scheme**

- (1) The length of a Product Disclosure Statement for a simple managed investment scheme to which Subdivision 4.2C of Division 4 of Part 7.9 applies (not including any matter in writing that is applied, adopted or incorporated by the Statement) must not exceed:
  - (a) if it is printed on A4 pages — 8 pages; or
  - (b) if it is printed on A5 pages — 16 pages; or
  - (c) if it is printed on DL pages — 24 pages; or
  - (d) otherwise — if it is formatted to be printed on A4 pages, 8 A4 pages.
- (2) The minimum font size for text in the Statement is:
  - (a) for the name, address, ABN (if applicable), ACN (if applicable), ARSN and AFSL (if applicable) of the person giving the Statement — 8 points; and
  - (b) for all other text — 9 points.

*Note 1* The Product Disclosure Statement must be worded and presented in a clear, concise and effective manner — see subsection 1013C (3) of the Act.

*Note 2* A person required to give a Product Disclosure Statement to a vision-impaired person must comply with its obligations under the *Disability Discrimination Act 1992*.

### **2 Minimum content of Product Disclosure Statement for simple managed investment scheme**

- (1) The Product Disclosure Statement must include sections which must be numbered and titled as follows:
  1. About [name of responsible entity]

2. How [name of simple managed investment scheme] works
3. Benefits of investing in [name of simple managed investment scheme]
4. Risks of managed investment schemes
5. How we invest your money
6. Fees and costs
7. How managed investment schemes are taxed
8. How to apply.

(2) The Statement must include:

- (a) a table of contents that sets out the titles mentioned in subclause (1); and
- (b) the telephone number of the responsible entity for the simple managed investment scheme to enable a person who invests in the simple managed investment scheme to request a copy of the following under regulation 7.9.11Z:
  - (i) a copy of the Statement; and
  - (ii) a copy of a matter in writing that is applied, adopted or incorporated by the Statement.

(3) The Statement must:

- (a) advise a person reading the Statement that:
  - (i) it is a summary of significant information and contains a number of references to important information (each of which forms part of the Statement); and
  - (ii) persons should consider that information before making a decision about the simple managed investment scheme; and
  - (iii) the information provided in the Statement is general information only and does not take account of the person's personal financial situation or needs; and
  - (iv) the person should obtain financial advice tailored to the person's personal circumstances; and
- (b) display the advice:
  - (i) at or near the beginning of the document; and
  - (ii) in a prominent position and style.

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- (4) The Statement:
- (a) may include additional sections after sections 1 to 8; and
  - (b) may include other information;
- to an extent that does not have the effect of contravening subclause 1 (1).
- (5) The Product Disclosure Statement does not need to indicate that a particular requirement is not applicable to the simple managed investment scheme.

*Note* The Act, as modified in accordance with Subdivision 4.2C of Division 4 of Part 7.9, requires information to be included in the Product Disclosure Statement only to the extent to which the requirement is applicable to the simple managed investment scheme.

**3 Contents of section 1 (About [name of responsible entity])**

- (1) Section 1 of the Product Disclosure Statement must describe, in the form of a summary:
- (a) the responsible entity and its role in operating the simple managed investment scheme; and
  - (b) the investment manager, if the investment manager is different from the responsible entity.
- (2) If there is more than 1 investment manager, the Statement may describe a particular manager by applying, adopting or incorporating a matter in writing.

**4 Contents of section 2 (How [name of simple managed investment scheme] works)**

- (1) Section 2 of the Product Disclosure Statement must describe, in the form of a summary:
- (a) how the simple managed investment works; and
  - (b) the interests that members acquire.
- (2) Section 2 must:
- (a) if applicable — describe, in the form of a summary, the minimum investment amounts; and
  - (b) provide information about the structure of the simple managed investment scheme; and

- (c) state, in general terms, that the price of interests will vary as the market value of assets in the simple managed investment scheme rises or falls; and
  - (d) describe, in the form of a summary, how members can increase or decrease their investment by acquiring interests or disposing of interests; and
  - (e) state, in general terms, that in some circumstances, such as when there is a freeze on withdrawals, members may not be able to withdraw their funds within the usual period upon request; and
  - (f) describe the frequency of distributions and explain how distributions are calculated.
- (3) The responsible entity:
- (a) may provide more detailed information on the acquisition and disposal of interests; and
  - (b) may provide the information by applying, adopting or incorporating a matter in writing.

**5 Contents of section 3 (Benefits of investing in [name of simple managed investment scheme])**

- (1) Section 3 of the Product Disclosure Statement must, before setting out any other information, describe, in the form of a summary:
- (a) the significant features of the simple managed investment scheme; and
  - (b) the significant benefits of the simple managed investment scheme.
- (2) The responsible entity may provide additional information about:
- (a) other features and benefits of the simple managed investment scheme; or
  - (b) other features and benefits of simple managed investment schemes;
- by applying, adopting or incorporating a matter in writing.

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**6 Contents of section 4 (Risks of managed investment schemes)**

- (1) Section 4 of the Product Disclosure Statement must include statements to the following effect:
  - (a) all investments carry risk;
  - (b) different strategies may carry different levels of risk, depending on the assets that make up the strategy;
  - (c) assets with the highest long-term returns may also carry the highest level of short-term risk.
- (2) Section 4 must describe, in the form of a summary, the significant risks of the particular simple managed investment scheme.
- (3) Section 4 must describe the significant risks of managed investment schemes (to the extent only that the description required by subitem (2) has not already described the risk) by including statements to the following effect:
  - (a) the value of investments will vary;
  - (b) the level of returns will vary, and future returns may differ from past returns;
  - (c) returns are not guaranteed, and members may lose some of their money;
  - (d) laws affecting registered managed investment schemes may change in the future;
  - (e) the level of risk for each person will vary depending on a range of factors, including:
    - (i) age; and
    - (ii) investment time frames; and
    - (iii) where other parts of the member's wealth are invested; and
    - (iv) the member's risk tolerance.
- (4) The responsible entity may provide additional information about significant risks of managed investment schemes by applying, adopting or incorporating a matter in writing.

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**7 Contents of section 5 (How we invest your money)**

- (1) Section 5 of the Product Disclosure Statement must describe, in the form of a summary, the investment options offered by the simple managed investment scheme.
- (2) Section 5 must state, in the form of a warning, that the person should consider:
  - (a) the likely investment return; and
  - (b) the risk; and
  - (c) the person's investment timeframe; when choosing an option in which to invest.
- (3) For at least 1 investment option, section 5 must:
  - (a) state the name of the option and give a short description of it, including the type of investors for whom it is intended to be suitable; and
  - (b) list the asset classes in which the option invests, and set out, in the form of a range or otherwise, the strategic asset allocation of the asset classes; and
  - (c) describe the investment return objective of the option; and
  - (d) state the minimum suggested time frame for holding the investment; and
  - (e) describe, in the form of a summary, the risk level of the option.
- (4) If the simple managed investment scheme has a balanced investment option (within the meaning given by item 101 of Schedule 10), section 5 must give the information mentioned in subclause (3) for the balanced investment option, whether or not section 5 gives that information for any other investment option.
- (5) If the simple managed investment scheme does not have a balanced investment option, section 5 must give the information mentioned in subclause (3) for the investment option under which the entity has the most funds invested, whether or not section 5 gives that information for any other investment option.

- (6) Section 5:
- (a) must make provision for each investment option which is not presented in section 5 in accordance with subclause (3), (4) or (5); and
  - (b) may make provision for the option by applying, adopting or incorporating matter in a document that:
    - (i) includes the information mentioned in subclause (3); and
    - (ii) presents it in the way mentioned in the subclause.
- (7) The responsible entity:
- (a) must provide information about how a member may switch the member's investments; and
  - (b) must provide information about:
    - (i) whether the simple managed investment scheme's investment options may be changed; and
    - (ii) if so, how the options may be changed; and
  - (c) must describe, in the form of a summary, the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the simple managed investment scheme; and
  - (d) may provide the information in paragraphs (a) to (c), and any additional information about investment options, by applying, adopting or incorporating a matter in writing.

## **8 Contents of section 6 (Fees and costs)**

- (1) For each investment option of the simple managed investment scheme that is presented in section 5 in detail in accordance with subclause 7 (3), section 6 of the Product Disclosure Statement must state:
- (a) the cost of acquiring the option; and
  - (b) the fees and costs that are charged in relation to the option.

*Note* The statement will be made using the template set out in subclause (3).

- (2) Before setting out any other substantive material, section 6 must:
  - (a) set out the Consumer Advisory Warning in clause 221 of Schedule 10; and
  - (b) give a concise example in the form set out in the Consumer Advisory Warning in clause 221 of Schedule 10.
- (3) Section 6 must set out the fees and costs for each investment option that is presented in section 5 in detail in accordance with subclause 7 (3), using the following template:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the fund</b>	
<i>Establishment fee</i>	
<i>Contribution fee</i>	
<i>Withdrawal fee</i>	
<i>Termination fee</i>	
<b>Management costs</b>	
The fees and costs for managing your investment	

*[If there are other service fees, such as advisor service fees or special request fees, include a cross reference to the document that contains the information mentioned in paragraph (10) (a).]*

- (4) The template is to be completed in accordance with Division 3 of Schedule 10 (including definitions applicable to that Division), except that:
  - (a) clauses 203, 205, 206 and 207 and subclause 208 (2) do not apply; and
  - (b) the reference in clause 204 to clause 205 and clause 206 does not apply; and
  - (c) the example in subclause 208 (1) is to be treated as stating: “(for example, by using an asterisk with a footnote stating ‘The amount of this fee can be negotiated’)”.
- (5) Section 6 must set out the information about fee changes set out in paragraph 209 (k) of Schedule 10.

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- (6) Section 6 must:
- (a) state that the information in the template can be used to compare costs between different simple managed investment schemes; and
  - (b) state concisely, and in general terms, that fees and costs can be paid directly from the person's account or deducted from investment returns.
- (7) Section 6 must give a worked example as follows:
- (a) if the simple managed investment scheme does not have a balanced investment option (within the meaning given by item 101 of Schedule 10), section 6 must give a worked example for the default investment option;
  - (b) if the simple managed investment scheme does not have a default option, and does not have a balanced investment option, section 6 must give a worked example for the investment option under which the entity has the most funds invested;
- in accordance with Divisions 5 and 6 of Schedule 10 (including definitions applicable to those Divisions), except that clauses 211 and 220 do not apply.
- (8) Section 6:
- (a) must refer to the calculator provided by ASIC on its FIDO website or a similar website operated by or on behalf of ASIC; and
  - (b) may also refer to the calculator (if any) provided by the responsible entity on its website; and
  - (c) must state that each calculator referred to can be used to calculate the effect of fees and costs on account balances.
- (9) If additional fees may be payable to a financial advisor, section 6 must:
- (a) state, in the form of a warning, that additional fees may be paid to a financial advisor if a financial advisor is consulted; and
  - (b) refer to the Statement of Advice in which details of the fees are set out.

- (10) The responsible entity:
  - (a) must provide the fees and costs of each of the investment options in accordance with Schedule 10, and may do so by applying, adopting or incorporating a matter in writing; and
  - (b) may provide more detailed information about fees and costs by applying, adopting or incorporating a matter in writing.

**9 Contents of section 7 (How managed investment schemes are taxed)**

- (1) Section 7 of the Product Disclosure Statement must state, in the form of a warning, that:
  - (a) investing in a registered managed investment scheme is likely to have tax consequences; and
  - (b) persons are strongly advised to seek professional tax advice.
- (2) Section 7 must also include statements to the following effect:
  - (a) registered managed investment schemes do not pay tax on behalf of members;
  - (b) members are assessed for tax on any income and capital gains generated by the registered managed investment scheme.
- (3) The responsible entity may provide additional information about taxation matters relating to registered managed investment schemes by applying, adopting or incorporating a matter in writing.

**10 Contents of section 8 (How to apply)**

- (1) Section 8 of the Product Disclosure Statement must:
  - (a) describe, in the form of a summary, how to invest in the simple managed investment scheme; and
  - (b) explain the cooling-off period that applies to the simple managed investment scheme; and
  - (c) explain how to make a complaint (by means that include the provision of relevant contact details).

- (2) The responsible entity:
- (a) may provide more detailed information about cooling-off periods, complaints and dispute resolution; and
  - (b) may provide that information by applying, adopting or incorporating a matter in writing.

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**Note**

1. All legislative instruments and compilations are registered on the Federal Register of Legislative Instruments kept under the *Legislative Instruments Act 2003*. See <http://www.frli.gov.au>.