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NEWS

ASIC's RG 97 – should you opt-in early?

You may shudder when you read the term 'RG 97' (that's ASIC's regulatory guide on how fees and costs should be disclosed in PDSs and periodic statements). Happily, it seems the most protracted update in ASIC's history is behind us. If you're a responsible entity, you can now update your PDSs to comply with the revised RG 97 regulations and ASIC policy.

Whilst strict compliance with the updated requirements is not required until 30 September 2022, you may want to opt-in early and update your PDSs to take advantage of the following key improvements:

- The new law is contained in one place: a consolidated version of Schedule 10 of the Corporations Regulations.
- ASIC's policy in the rewritten RG 97 is clearer and easier to read.
- The presentation is more relevant for investors. There are new templates for the Consumer Advisory Warning, Fees and Costs Summary Table, and Example of Annual Fees and Costs.
- You no longer need to grapple with what are 'implicit transaction costs' and 'market impact costs'. You do not need to disclose these.
- You no longer need to include property operating costs and borrowing costs as transaction costs. This is good news if you're a property fund manager.
- If your fund performs well and your performance fees are high, then you can show this clearly. Performance fees are now disclosed separately to management fees and costs, and do not appear to inflate your management fees.

Finally, ASIC has clarified policy on various RG 97 issues, including about performance fees and transaction costs, which our team can advise you on. We can also advise you on the practical steps required to transition your PDSs to the new regime.

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