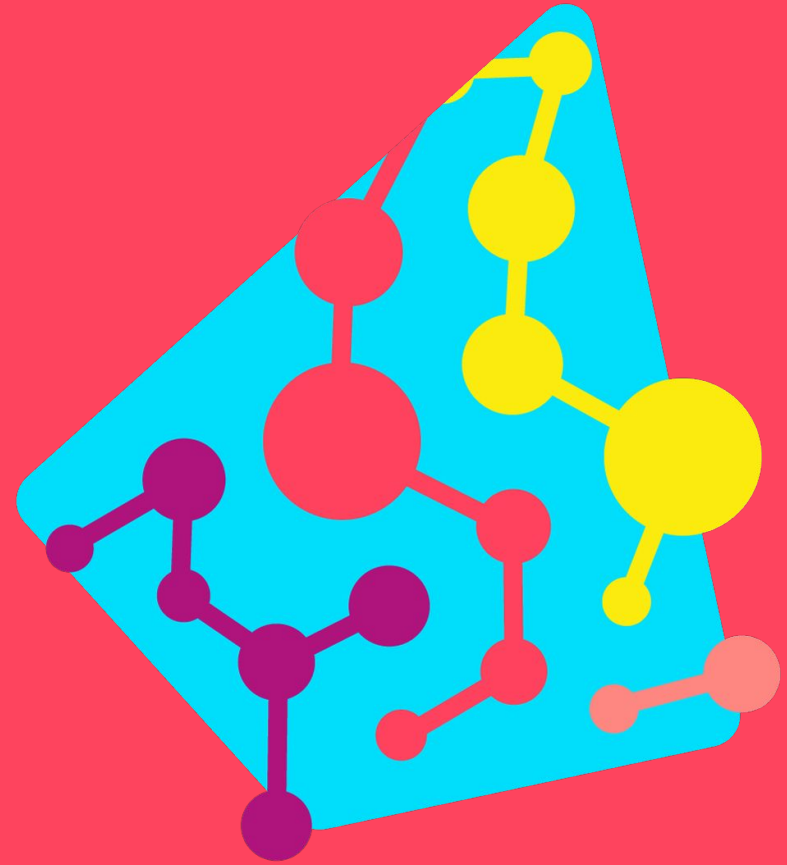




Super:Efficient

Legislation Update



Agenda

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Bills before parliament

Bills before parliament - overview



Privacy Legislation Amendment (Enforcement and Other Measures) Bill 2022

Increased penalties for individuals and corporations for serious privacy breaches - passed both Houses

Treasury Laws Amendment (2022 Measures No. 2) Bill 2022

Changes to downsize eligibility age - passed both Houses

Treasury Laws Amendment (2022 Measures No. 3) Bill 2022

Supplementary performance test for faith-based funds - withdrawn

Treasury Laws Amendment (2022 Measures No. 4) Bill 2022

Reverses the Douglas Decision - referred to Senate Economics Committee

Financial Accountability Regime Bill 2022

Introduces new obligations for accountable individuals and entities - referred to Senate Economics Legislation Committee

Modernising Business Communications

Among other things amends the Corporations Act to provide that all documents which are required or permitted to be signed under the Corporations Act can be signed electronically or in wet-ink

In depth - Privacy Legislation Amendment (Enforcement and Other Measures) Bill 2022



Increased penalties

Penalties for serious or repeated privacy breaches will increase to the greater:

- \$50M;
- 30% of the adjusted turnover of the body corporate during the breach turnover period; or
- 3 times the value of any benefit derived from the privacy breach by the body corporate

Enhanced information gathering powers

Information Commissioner has been given enhanced information gathering powers in relation to actual or suspected privacy breaches

Greater information sharing powers

Information Commissioner and the Australian Communications and Media Authority given greater information sharing powers

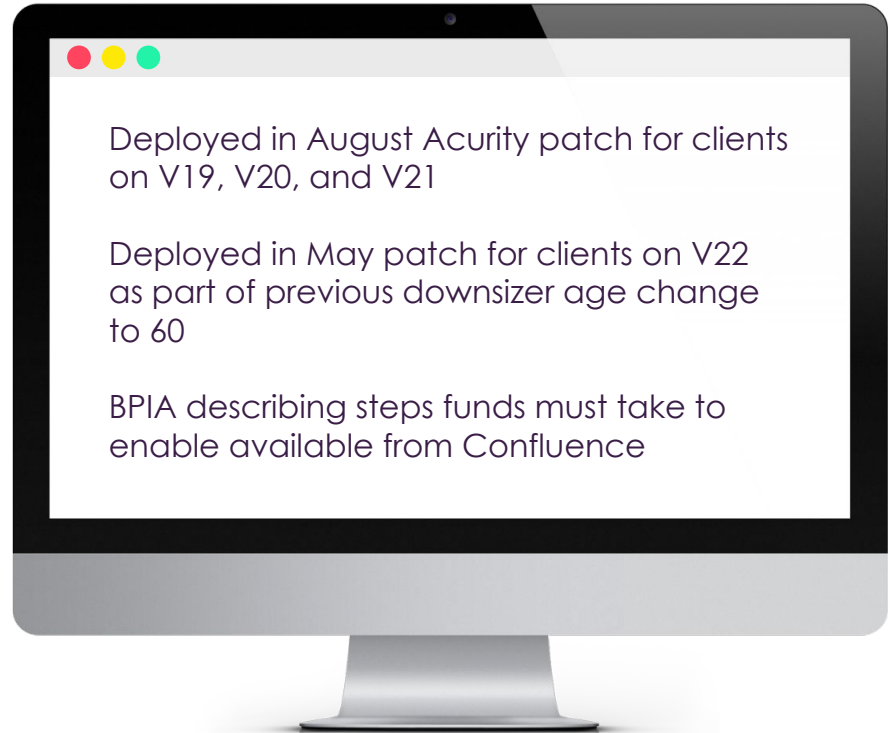
Has passed both Houses - will commence the day after it receives Royal Assent

In depth - Treasury Laws Amendment (2022 Measures No. 2) Bill 2022



Downsizer eligibility age

- Passed by both Houses
- Downsizer eligibility age decreases from 60 to 55
- Commences on 1 January 2023



In depth - Treasury Laws Amendment (2022 Measures No. 3) Bill 2022



Changes to performance test for faith-based funds

- Withdrawn by government
- Will instead be considered as part of a broader review of Your Future, Your Super

In depth - Treasury Laws Amendment (2022 Measures No. 4) Bill 2022



Reversal of the Douglas decision

- Government has introduced legislation to reverse implications of the Douglas decision
- Amends taxation and superannuation law to ensure that:
 - Impacted defined benefit income streams can be taxed as income streams rather than TPD lump sums
 - Veterans who are better off *after* the Douglas decision won't be disadvantaged
- Bill referred to Senate Economics Legislation Committee for report by 25 January 2023

If this impacts your fund please speak to your relationship manager

In depth - Financial Accountability Regime Bill 2022



New accountability obligations for directors and senior executives

- Expands Banking Executive Accountability Regime to insurance and superannuation
- Expands definition of a connected entity
- Will apply to accountable entities and certain accountable persons
- Will commence day after it receives Royal Assent; will apply to the insurance and superannuation industries 18 months after commencement
- Can expect bipartisan support
- Referred to Senate Economics Legislation Committee for report by 25 January 2023



Other upcoming changes

Other upcoming changes - overview



Security of Critical Infrastructure Act 2018 Risk Management Program

Consultation has recently closed on risk management program draft rules as per Sect. 2A of the SOCI Act 2018

CPS 230 Operational Risk Management

Consultation has closed, with new standard to commence from 1 January 2024

APRA Data Transformation

Phase 1 Minor Amendments and Phase 2 consultations are currently underway

SPS 530 Investment Governance

Formally determined by APRA and will commence 1 January 2023

In depth - Security of Critical Infrastructure Act 2018 Risk Management Program (RMP)



New asset class - critical superannuation asset

RSEs with greater than \$20B funds under management are now considered critical superannuation assets under SOCI

Obligations

1. Register as a critical infrastructure asset within 6 months of April 8th
2. Notification obligations following cyber incidents
 - within 12 hours for critical incidents
 - within 72 hours for all other cyber incidents
3. Adopt and maintain a risk management program

Risk Management Program Draft Rules

Consultation closed in November

Sets out requirements for RMP

- Cyber and info-sec hazards
- Personnel security hazards
- Supply chain hazards
- Physical and natural hazards

6 months to comply with RMP requirements from commencement of rules

In depth - CPS 230 Operational Risk Management



Consultation

Closed 21 October 2022

Commencement date

1 Jan 2024 (proposed)

Replaces

CPS 231 Outsourcing

CPS 232 Business Continuity

SPS 231 Outsourcing

SPS 231 Business Continuity

HPS 231 Outsourcing

Aims

To establish APRA expectations regarding operational resilience

Key changes

Uses stronger language in describing roles and responsibilities of the board and senior management

Additional powers for APRA to impose obligations on entity if they consider an entity's operational risk management to be weak

Shifts focus from outsourcing of material business activities to concept of 'material service providers'

New requirements for managing 'fourth parties'

Notification obligations

JIRA

Iress is tracking this under SR-17824

In depth - APRA Data Transformation



Phase 1 Minor Amendments

- Removal of the need for best endeavours reporting from
 - SRS 332 Expenses
 - SRS 550 Asset Allocation
- Clarification of investment option reporting requirements in
 - SRS 605 RSE Structure
 - SRS 705 Components of Net Return
 - SRS 550 Asset Allocation
- Clarifications to fee and cost arrangement definitions
- Timing updates
- Reduction in ad hoc submission frequency
- Amendments to SRS 101 Definitions for Superannuation Data Collections

Phase 2 Depth Consultation

Consultation closes 12 May 2023

Press participates in a number of working groups looking at APRA Data Transformation - if you have feedback for the regulator please speak to your account manager and we will be happy to pass it on



In depth - SPS 530 Investment Governance

- Revisions finalised in July 2022
- Will commence 1 January 2023
- Draft guidance released 17 November 2022
- Consultation will remain open until 17 March 2023
- Final version of Prudential Practice Guide not expected before Q2 of 2023



A look into the future

A look into the future...



Challenges before the industry

- Data retention
- Growing risk of cyber threats

Legislating the purpose of superannuation

The Government has signalled their intent to legislate an objective of superannuation

CPS 234 Information Security

APRA has indicated it will intensify its supervision of entities not meeting requirements of CPS 234

Quality of Advice Review

Report will be provided to the Government by 16 December 2022 - general advice to remain regulated

Super transparency report

The Assistant Treasurer and Minister for Financial Services has announced a 'Super Transparency Report' that will be published by APRA.

Has been advised that the report will draw on the rich data it receives from funds to publish fund level expense information in a single document.

Annual member meeting notice regulations

Notice has been given of two further motions to disallow the regulations following Senator Pocock's unsuccessful disallowance motion in October



Recent cyber-attacks reinforce the need for ongoing vigilance and focus by boards on operational resilience. They are a stark reminder for boards to ensure they can answer these fundamental questions: Do you know what data you are holding? Do you know where it is? How do you know it is safe? And do you need to retain it?">*

Suzanne Smith, APRA Member

*<https://www.apra.gov.au/news-and-publications/apra%E2%80%99s-interim-response-to-medibank-cyber-breach>



Thank you



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