



28 June 2013

To all RSE licensees

**SUPERANNUATION PRUDENTIAL STANDARD SPS 160 DEFINED BENEFIT MATTERS (SPS 160),
PRUDENTIAL STANDARD SPS 310 AUDIT MATTERS (SPS 310) AND PRUDENTIAL STANDARD SPS
520 FIT AND PROPER (SPS 520)**

APRA is today releasing final versions of SPS 160, SPS 310 and SPS 520. These prudential standards take effect on 1 July 2013.

Background

On 15 November 2012, APRA determined eight new prudential standards for superannuation after a long consultation process. At the same time, three prudential standards - SPS 160, SPS 310 and SPS 520 - were released in proposed final version.

In the response to submissions that accompanied the final prudential standards, APRA indicated that these three standards could not be determined at the time because they each contained provisions that required the passage of the Superannuation Legislation Amendment (Service Providers and Other Governance Measures) Bill 2012 (Tranche 4 Bill). The determination of SPS 160 and SPS 310 has also been dependent on amendments to the SIS Regulations. The response to submissions also indicated that these three standards would commence on 1 July 2013, with the other prudential standards.

On 26 June 2013, the Tranche 4 Bill received royal assent and the *Superannuation Legislation Amendment (MySuper Measures) Regulation 2013* will take effect from 1 July 2013. APRA is therefore today releasing final versions of SPS 160, SPS 310 and SPS 520.

Other than some minor edits to improve the clarity of the requirements, SPS 160 is largely unchanged from the proposed final version. SPS 310 and SPS 520 have some changes that are discussed further below.

Changes to SPS 310 since November 2012

Proposed final SPS 310 outlined high-level responsibilities for the RSE auditor and made reference to specific annual information required to be covered in the auditor's report relating to new reporting standards and other prudential requirements.

Since November 2012, APRA has consulted closely with industry and the audit profession to finalise the details of the information to be covered in the auditor's report. The content of paragraph 19 and Attachment B to SPS 310 has been updated to reflect this consultation. Attachment A is a new insertion to preserve existing audit obligations (in respect of years of income ending on or before 30 June 2013) and to allow a transition period that aligns with a similar transition period for the submission of data to APRA under the reporting standards.

Changes to SPS 520 since November 2012

Since the release of proposed final SPS 520, APRA has received queries from RSE licensees as to the intent of paragraph 25 (in the November 2012 version) which required that an RSE actuary must not be an employee of an RSE licensee, indicating that this did not align with existing industry practice.

This paragraph reflected an equivalent provision in *Prudential Standard CPS 520 Fit and Proper* (CPS 520), which applies to general and life insurers. APRA's view is that the conflicts that are intended to be addressed through the operation of the requirement (to the extent there are any) can be effectively managed through the conflicts of interest regime. Accordingly, APRA has removed the requirement from the final version of SPS 520.

Yours sincerely



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