



17 November 2022

## TO: ALL RSE LICENSEES

### INVESTMENT GOVERNANCE: REVISED PRUDENTIAL PRACTICE GUIDE

APRA has today released draft guidance on investment governance and valuation practices for RSE licensees: draft *Prudential Practice Guide SPG 530 Investment Governance* (SPG 530).

Draft SPG 530 sets out principles and examples of better practice to assist RSE licensees in meeting their requirements under updated *Prudential Standard SPS 530 Investment Governance* (SPS 530), which commences from 1 January 2023.<sup>1</sup>

#### Consultation on guidance

Robust governance of superannuation fund investments is central to the delivery of sound outcomes to members. Updated SPS 530 aims to ensure that RSE licensees prudently select, monitor and manage investments. Draft SPG 530 is principles-based, rather than prescriptive, recognising that investment arrangements have varying complexity and that investment operating models differ across the industry.

Draft SPG 530 replaces existing APRA guidance on investment governance, *Prudential Practice Guide SPG 530 Investment Governance* and *Prudential Practice Guide SPG 531 Valuations* (SPG 531).

In draft SPG 530, APRA has:

- provided additional guidance to support new focus areas of draft SPS 530, including liquidity management, stress testing and valuations; and
- integrated the remaining elements of SPG 531 that were not otherwise elevated to SPS 530;
- outlined how APRA expects RSE licensees will consider material environmental, social and governance (ESG) risk factors as part of their overall investment risk management;
- reflected industry requests for greater clarity in APRA's investment governance guidance;
- sought to maintain key relevant aspects of existing guidance.

Draft SPG 530 articulates the outcomes that APRA is looking to achieve through SPS 530. RSE licensees are responsible for demonstrating how their actions and processes meet these expectations. It includes key considerations to support RSE licensees in their investment decision-making.

Through the strategic initiative to *Modernise the prudential architecture*, APRA is aiming to make the prudential framework clearer, simpler and more adaptable.<sup>2</sup> In this context, APRA is

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<sup>1</sup> [Prudential Standard SPS 530 Investment Governance in Superannuation | APRA](#)

<sup>2</sup> [APRA outlines plans to modernise the prudential architecture | APRA](#)

taking a new approach to prudential guidance, to connect specific requirements in standards to the specific guidance in PPGs. An integrated version of SPS 530 and draft SPG 530 is provided as an aide to understanding the connection between APRA’s investment governance requirements and guidance, providing a document that covers both the standard and guidance in one place. APRA seeks stakeholder feedback on this integrated version.

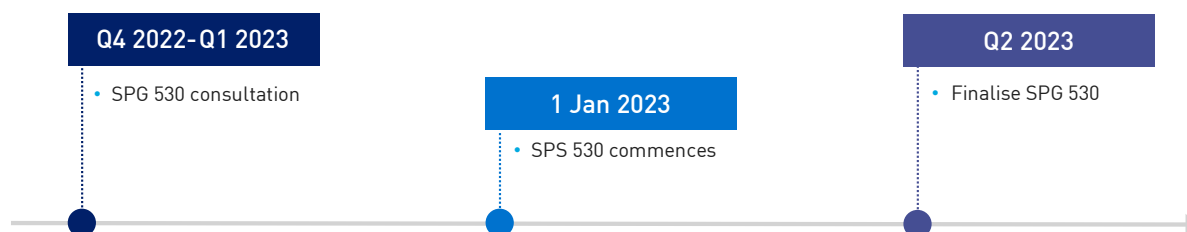
### Implementation of SPS 530

APRA received some feedback from regulated entities raising concerns over the effective date for updated SPS 530 on 1 January 2023, which occurs before draft SPG 530 will be finalised.

It is APRA’s view that the updated requirements in SPS 530 reflect, in many cases, existing industry practices and existing investment governance guidance. APRA therefore expects that prudent RSE licensees would be in a position to meet updated SPS 530 from 1 January 2023, supported where needed by the existing guidance in current SPG 530 and SPG 531. APRA’s supervisory approach, however, will take into account that draft SPG 530 is yet to be finalised.

### Next steps

APRA welcomes feedback on draft SPG 530 between **17 November 2022 and 17 March 2023**, allowing four months for consultation. APRA welcomes both formal submissions and the opportunity to meet with RSE licensees and other stakeholders during the consultation period. Submissions should be emailed to [superannuation.policy@apra.gov.au](mailto:superannuation.policy@apra.gov.au) and addressed to: General Manager, Policy. The next steps for the investment governance amendments are outlined in the graphic below. Following the finalisation of SPG 530, APRA will be engaging with RSE licensees on their approach to implementing SPS 530 in the second half of 2023.



Yours sincerely,

Margaret Cole  
APRA Deputy Chair