



Australian Prudential Regulation Authority

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For the attention of all discretionary mutual funds (DMFs)

As you will be aware, on 3 May 2007 the HIH Royal Commissioner recommended that the *Insurance Act 1973* be amended to extend prudential regulation to all discretionary insurance-like products. Following this, the Minister for Revenue and Assistant Treasurer announced that discretionary mutual funds (DMFs) would be required to provide data in order that the Government better understand the use and operation of DMFs. The announcement indicated that within three years of the start of this collection regime the Government would consider whether or not to extend prudential regulation to DMFs.

Amendments to legislation were then made to facilitate the collection of the necessary data.¹

To date, data has been provided by DMFs to APRA in respect of financial years ending in 2008 and 2009. The final data collection in respect of the 2010 financial year will be completed by 30 April 2011. However the analysis and consideration by the Government of the data provided by DMFs is unlikely to be completed before the end of 2011. The provision of data by DMFs to APRA will therefore continue for financial years ending in 2011. A decision will be made in late 2011 regarding whether or not the data collection will continue beyond that point.

The collection of DMF data for 2011 will be based on the existing reporting standards and reporting forms. As a consequence, lodgements will continue to be annual, with each annual return due within four months of the DMFs balance date. Reporting forms and instructions are available at <http://www.apra.gov.au/RFC/DMFs.cfm>.

If you have any questions concerning the extension of the collection, please contact APRA Statistics at statistics@apra.gov.au.

Yours sincerely

¹ Amendments to the *Financial Sector (Collection of Data) Act 2001* (FSCODA) to include DMFs were contained in the *Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Act 2007* (DMF Act), which was passed by Parliament on 13 September 2007. This enabled the Australian Prudential Regulation Authority (APRA) to make reporting standards under FSCODA requiring DMFs to provide detailed data to APRA on their operations. Final DMF reporting standards and corresponding reporting forms and instructions under FSCODA came into effect in December 2007.