



# INSTRUCTION GUIDE

## Application Form – RSE Licence

August 2017

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# Contents

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Introduction	4
Part A – General information	6
Part B – Likely compliance with prudential standards	13
Part C – Attestations	20
Checklist – Part A – General information	21
Checklist - Part B – Likely compliance with prudential standards	23
Glossary	26

# Introduction

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This Instruction Guide provides general information on making an application to be an RSE licensee under the *Superannuation Industry (Supervision) Act 1993* (the SIS Act) using the approved *Application Form – RSE Licence*. It does not constitute legal advice. For further information, visit APRA's website at [www.apra.gov.au](http://www.apra.gov.au) or contact 1300 55 88 49 or by email at [licensing@apra.gov.au](mailto:licensing@apra.gov.au).

## **Who needs to hold an RSE Licence?**

An applicant seeking to operate an APRA-regulated superannuation entity must hold an RSE licence as required under the SIS Act.

A trustee of self-managed superannuation funds regulated by Australian Taxation Office and public sector superannuation schemes are not required to hold an RSE licence.

## **What type of entity can apply for an RSE Licence?**

A constitutional corporation, a body corporate that is not constitutional corporations and a group of individual trustees may apply for a licence. A group of individual trustees is licensed as a group. That is, each individual trustee is not required to have a licence, but the licence will be issued to the group of trustees.

## **Is there a prescribed fee?**

An applicant seeking an RSE licence is required to pay the appropriate fee. The schedule of fees as stipulated in r. 3A.06 of the Regulations are dependent on the class of RSE licence the applicant is seeking.

An application is not considered until the prescribed fee has been received by APRA.

The schedule of fees is available on APRA's website.

## **What happens after receiving an RSE Licence?**

Once an RSE licence is granted, APRA will issue the RSE licensee with a unique RSE licence number.

The RSE licensee must meet a number of ongoing requirements including, but not limited to:

- including its ABN on any documents which identify it as a holder of an RSE licence, as required by s. 29DC of the SIS Act.
- compliance with the RSE licensee law as defined in s. 10 of the SIS Act;
- notifying APRA of any significant breaches (or likely significant breaches) of a prudential requirement within 10 days after the RSE licensee becomes aware a breach has occurred;
- proper and prudent performance as a RSE licensee;
- registration of each superannuation entity for which it intends to be RSE licensee;
- notifying APRA of any changes in the composition of the RSE licensee or responsible persons within 14 days of that change;
- compliance with conditions of the specific RSE licence issued; and
- providing reporting information under the FSCOD Act.

### **What is the application process?**

The approved form, *Application Form – RSE licence*, is available on the APRA website. An Applicant will be able to submit drafts of its application by providing either hard copies or electronic versions to enable consultation with APRA prior to final submission.

The Applicant will have the ability to amend its application at any time up until it lodges the forms in their final version.

While there is no legal obligation for APRA to comment on draft applications, APRA will endeavour to provide comments on draft applications as practicable.

**An applicant is strongly encouraged to consult with APRA before lodging a final application for an RSE licence.**

APRA expects an Applicant would include a covering letter with their application. The covering letter would outline the Applicant's business case for applying for an RSE licence and indicate how the documents attached with the application demonstrate the Applicant's likely compliance with the legislative and prudential standard requirements.

### **RSE registration and MySuper authorisation**

**An applicant is encouraged to submit draft RSE registration and MySuper authorisation (if applicable) forms with their RSE licence application**

Approved RSE registration and MySuper authorisation forms and instruction guides are available on the APRA website. An applicant is strongly encouraged to consult with APRA before lodging a final application for an RSE registration and/or MySuper authorisation.

### **Notice of change**

Where an application for an RSE licence has been lodged and changes have been made to the composition of the board or group of individual trustees before APRA has decided the application, you must notify APRA using the *Notice of change* approved forms.

### **Penalties for false information**

An applicant should note that giving false or misleading information is a serious offence (see s. 136.1, s. 137.1 and s. 137.2 of the *Criminal Code Act 1995*). Where information is disclosed to APRA as part of this application, APRA may in turn disclose that information in any of the circumstances permitted by s. 56 of the *Australian Prudential Regulation Authority Act 1998*.

### **Guidance on completing the RSE licence application form**

Guidance is provided on selected sections from the RSE licence application form with commentary on selected items within these sections.

Lodgement of the RSE licence application, and each document required by the form, must be approved by the board of the Applicant or by each individual if the Applicant is a group of individual trustees.

An applicant must complete all three parts of the application form. Some items will not apply to every Applicant. The application form indicates areas where this may be the case.

Copies of certain documents are required to support the application. These are clearly identified. Please ensure that all supporting documentation that is required by the form is provided.

## Part A – General information

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Part A of the form requests details about the application, Applicant and other general information relating to:

- class of licence;
- Applicant details;
- responsible persons; and
- Applicant's business details.

If a number of persons fulfil the same role, e.g. a director or senior manager, the relevant section of the form must be completed for each person in that role.

The 'Checklist for Part A' at the end of these instructions outlines all the sections in the part and provides a list of the supporting documentation that must be supplied separately with the application where the section is applicable to the Applicant.

An applicant that holds an AFSL under the *Corporations Act 2001* will need to provide APRA with a copy. For more information in relation AFSL requirements, please contact ASIC or visit its website at [www.asic.gov.au](http://www.asic.gov.au).

## Application details

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### Draft RSE licence application

The Applicant is to select either 'yes' or 'no' to indicate whether the RSE licence application form and the attached documents are to be considered as draft. Where 'yes' is selected, the Applicant is not required to sign Part C of the application form.

### A1 – Licence class

Select the class of RSE licence the Applicant is seeking from:

#### Public Offer Entity Licence

A public offer entity licence is defined in r. 3A.01 of the Regulations. A public offer superannuation entity is defined in s. 18 of the SIS Act. Under s. 29D and s. 29E of the SIS Act only a constitutional corporation may hold a public offer entity licence.

<b>Non-Public Offer Entity Licence</b>	<p>A non-public offer entity licence is defined in r. 3A.02 of the Regulations. An Applicant should nominate a non-public offer entity licence if the Applicant intends to operate a superannuation entity that is not a public offer entity.</p> <p>A group of individual trustees must nominate this licence class, and will be restricted to operating a superannuation entity that is not a public offer superannuation fund as required by s. 29D and s. 29E of the SIS Act.</p>
<b>Extended Public Offer Entity Licence</b>	<p>An extended public offer entity licence is defined in r. 3A.03 of the Regulations. An Applicant should nominate this licence class if the Applicant intends to operate one or more non-public offer superannuation entities and a public offer superannuation entity.</p> <p>Under s. 29D and s. 29E of the SIS Act, an extended public offer entity licence may only to be granted to, and held by, a trustee that is a constitutional corporation.</p>

## A2 – Applicant

Select the structure of the Applicant from the items below:

<b>Constitutional corporation</b>	<p>Defined in s. 10 of the SIS Act, constitutional corporation means a body corporate that is:</p> <ul style="list-style-type: none"> <li>a) a trading corporation formed within the limits of the Commonwealth (within the meaning of paragraph 51(xx) of the Constitution); or</li> <li>b) a financial corporation formed within the limits of the Commonwealth (within the meaning of paragraph 51(xx) of the Constitution).</li> </ul> <p>Under s. 29D and s. 29E of the SIS Act, a public offer entity licence and an extended public offer entity licence may only to be granted to, and held by, a trustee that is a constitutional corporation.</p>
<b>Body corporate other than a constitutional corporation</b>	<p>Under subsection 29C(2) of the SIS Act, a body corporate that is not a constitutional corporation may apply to APRA for an RSE licence of any class other than a class that would enable it to be a trustee of a public offer entity.</p>
<b>Group of individual trustees</b>	<p>Defined in s. 10 of the SIS Act, group of individual trustees means a group of trustees each of whom is an individual trustee.</p> <p>Under s. 29D of the SIS Act a group of individual trustees may only be granted and hold a non-public offer entity licence.</p>

## A3 – Contact details

### Contact person

The contact people must be available and have appropriate knowledge of the application to assist with any queries that APRA may have. Where the Applicant has engaged a service provider to assist them in the preparation of the application, the Applicant must provide details of an appropriate contact person at the service provider.

## A4 – Corporation details

A group of individual trustees is not required to complete this section.

### Corporation ownership structure

Select the most appropriate ownership structure from:

<b>Financial services corporation ownership</b>	Represents where the owner of the Applicant is a financial services corporation. That is, the owner is a legal entity created for the purpose of producing financial goods and services for the market, that may be a source of profit or other financial gain to its owner(s) and it is collectively owned by shareholders who have the authority to appoint directors responsible for its general management. Excludes a financial service corporation that is the principal employer-sponsor of the proposed superannuation entity.
<b>Employer sponsor corporation ownership</b>	Represents where the owner of the Applicant is the principal employer-sponsor corporation of the proposed superannuation entity within the Applicant's business. Includes: where the Applicant is owned by employees of the employer-sponsor corporation. Refer to s. 16(1) of the SIS Act.
<b>Public sector organisation ownership</b>	Represents where the owner of the Applicant is an organisation within the government sector or a resident corporation and quasi-corporation controlled by the general government sector.
<b>Nominating organisation ownership</b>	Represents where the owner of the Applicant is one or more employee or employer association(s) that represents the membership/employers of the proposed superannuation entity within the Applicant's business operations.
<b>Public company ownership</b>	Represents where the owner of the Applicant is a public company. Excludes: a public company that is a financial services corporation, or a public company that is the principal employer-sponsor of the proposed superannuation entity.
<b>Other ownership type</b>	Represents where the above ownership types do not describe the ownership structure of the Applicant. Where 'other ownership type' is selected, provide an explanation of the ownership structure.



### Historical ASIC company search

Attach a copy of a historical ASIC company search result for the Applicant. The search result must not be more than seven days old when the Applicant lodges their application.

### Responsible person details

The following guidance covers all responsible persons under sections A5, A6, A7, A8 and A9 of the application form.

SPS 520 defines a responsible person in relation to an RSE licensee as:

- a) a director of the RSE licensee;
- b) a secretary of the RSE licensee;
- c) a senior manager of the RSE licensee;
- d) an RSE auditor; and
- e) an RSE actuary.

Complete the relevant section for each responsible person occupying that position (i.e. each director/ individual trustee, or senior manager of the Applicant).

The Applicant does not have to complete section A8 or A9 where the Applicant has not yet engaged a proposed RSE auditor or RSE actuary.

### Position of Director / Individual trustee

Indicate what position the director / individual trustee occupies from the options below:

<b>Executive director</b>	A director who is a member of the Applicant's management. Reference: SPS 510
<b>Non-executive director</b>	A director who is not a member of Applicant's management. Reference: SPS 510
<b>Independent director</b>	An independent director within the meaning given in s. 10 of the SIS Act. Reference: s. 10 and s. 89 of the SIS Act.
<b>Employer representative</b>	A director nominated to represent the interests of an employer(s). Reference: s. 10 and s. 89 of the SIS Act.
<b>Member representative</b>	A director nominated to represent the interests of members. Reference: s. 10 and s. 89 of the SIS Act.
<b>Individual trustee</b>	An individual of who is a trustee of the fund. Reference: s. 10 of the SIS Act

### Chairperson of the Board

SPS 510 requires that the chairperson of the Board must be a director of the RSE licensee. Indicate whether the director is the Chairperson of the Board of the Applicant.

### **Main responsibilities**

Provide a brief description of the main responsibilities of the responsible person other than a director. Information could include responsibilities outlined in a position description, role statements or key performance indicators.

### **Nationality**

Attach documentation which demonstrates the nationality of the responsible person according to their birth certificate and/or current passport.

### **Australian residency**

SPS 510 requires that a majority of directors of an RSE licensee must be ordinarily resident in Australia and all senior management of an RSE licensee to be ordinarily resident in Australia. Attach documentation which demonstrates the residency of the responsible person. Such items may include a Certificate of Evidence of Resident Status from the Department of Immigration & Citizenship or a copy of a driver's licence.

### **Directorships and shareholdings**

Indicate whether the responsible person holds any directorships and/or shareholdings in any other corporation. SPS 521 requires an RSE licensee to maintain an up-to-date register of relevant duties and an up-to-date register of relevant interests. Where the responsible person has indicated they hold a directorship or shareholding, APRA expects further details to be provided in the relevant registers as required by section B9 of the application form.

### **Financial benefit**

Indicate whether the responsible person receives a financial benefit from the Applicant or any other source that may be deemed relevant under the requirements of SPS 521. SPS 521 requires an RSE licensee to maintain an up-to-date register of relevant interests. Where the responsible person has indicated they receive a financial benefit which considered relevant by the Applicant for the purposes of the prudential standard, APRA expects further details to be provided in the relevant register as required by section B9 of the application form.

### **Fit and proper assessment**

SPS 520 requires an RSE licensee's Fit and Proper Policy must require a fit and proper assessment to be completed before a person becomes the holder of a responsible person position. Attach a fit and proper assessment for each identified responsible person.

A fit and proper assessment should include details of any civil or criminal proceedings or enforcement action (in Australia and/or overseas) against the proposed responsible person in relation to the management of an entity, or commercial or professional activities, which were determined adversely to the proposed responsible person. This would also include any investigations by regulatory agencies, or where consent by the proposed responsible person to an order or direction or provision of an undertaking not to engage in certain conduct was given, and any other matters which reflect adversely on the person's competence, diligence, judgment, honesty or integrity. Conduct and events that took place overseas may also be relevant to the assessment.

### **Disqualified person status**

An Applicant must attach relevant documentation, such as a Federal Police Check (please select the APRA code on the police check form) and Bankruptcy check to demonstrate that each responsible person is not disqualified within the meaning of s. 120 of the SIS Act.

### **RSE auditor independence**

Where an Applicant has engaged a proposed RSE auditor, attach relevant documentation that confirms the Applicant is satisfied the proposed RSE auditor meets the requirements of *APES 110 Code of Ethics for Professional Accountants*. SPS 510 requires the Board of an RSE licensee, to the extent practical, undertake steps to satisfy itself that the auditor is independent of the RSE licensee.

### **Additional fitness and propriety criteria applying to RSE auditors**

Where an Applicant has engaged a proposed RSE auditor, attach relevant documentation that demonstrates the proposed RSE auditor complies with the additional criteria listed in SPS 520.

### **Additional fitness and propriety criteria applying to RSE actuary**

Where an Applicant has appointed a proposed RSE actuary, attach relevant documentation that demonstrates the proposed RSE actuary complies with the additional criteria listed in SPS 520.

## **General applicant details**

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### **A11 – Trustee insurance**

Complete this section for each insurance policy held by the Applicant that is intended to provide trustee insurance, including any directors and officers insurance policies.

#### **Class of insurance**

Indicate the class of insurance the insurance policy provides cover for. Include the name and type of the insurance.

#### **Fidelity cover**

Indicate whether the insurance policy provides fidelity cover protecting the Applicant from loss of money, securities, or inventory resulting from crime.

#### **Fraud cover**

Indicate whether the insurance policy provides fraud cover for fraudulent, dishonest and malicious acts.

#### **Indemnity limits**

Provide information regarding the limits of the indemnity allowed by the insurance policy. Indicate all types of limits, whether they be monetary limits or any other type of limit.

#### **Indemnity limits**

Provide information regarding the limits of the indemnity allowed by the insurance policy. Indicate all types of limits, whether they be monetary limits or any other type of limit.

## **A12 – Other business**

Where applicable, complete this section if the Applicant is involved in a company / business other than acting as a proposed RSE licensee.

### **Description of business**

Provide a description of the type of business, including information regarding the organisation ownership and structure. The information provided should demonstrate the nature, size and complexity of the business.

### **Applicant's association with business**

Provide a description of the Applicant's association with the business. Include information regarding any contractual arrangements for services or other matters the Applicant may have with the business.

## **A13 – Controlling influence – natural person; and A14 – Controlling influence - corporation**

Controlling influence is defined in s. 70E of the SIS Act. This includes influence on or control over the trustee's decisions, direction, operation or strategy. Do not complete sections A13 or A14 if they do not apply to the Applicant.

### **Relationship to Applicant**

Provide a description of the relationship to the Applicant. Indicate whether the person is the owner of the Applicant, or the Applicant is a wholly owned subsidiary of a corporation. Also, provide information about the shareholding structure of this relationship.

### **Person's / corporation's controlling influence**

Provide an explanation as to how the person or corporation is able to exercise influence or control over the Applicant's decisions, direction, operation or strategy.

## Part B – Likely compliance with prudential standards

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Part B requests statements and /or documents to demonstrate an Applicant's likely compliance with the prudential standards determined under the SIS Act. The information provided in this Instruction Guide is not intended to be a complete summary of all the relevant requirements and considerations set out in the prudential standards. An Applicant is advised to refer to the relevant prudential standard and the accompanying prudential practice guide for further information.

While most questions are compulsory, the type of information provided by the Applicant to some questions will vary depending on the Applicant's particular business arrangements. The 'Checklist for Part B' at the end of these instructions outlines all the sections in the part and provides a list of the supporting documentation that must be supplied separately with the application under each section.

### ***B1 – Prudential Standard SPS 114 Operational Risk Financial Requirement***

#### **B1.1 ORFR**

##### ***ORFR strategy***

An Applicant is required to attach an ORFR strategy which complies with the requirements in SPS 114.

SPS 114 requires an RSE licensee to maintain a target amount of financial resources to address the operational risks of the RSE licensee's business operations. For the purposes of this application, this target amount is referred to as the ORFR target amount.

In assessing the Applicant's ORFR strategy, APRA will pay particular attention to the Applicant's procedures for ensuring the ORFR target amount is maintained. This includes procedures for monitoring the growth of funds under management against the ORFR target amount.

The ORFR strategy would also include the Applicant's tolerance limit below which the Applicant must take action to replenish financial resources held to meet the ORFR target amount. APRA requires that the Applicant's ORFR strategy will also include the process for replenishing the ORFR target amount if the tolerance limit has been reached.

### ***B2 – Prudential Standard SPS 220 Risk Management***

#### **B2.1 Risk management framework**

##### ***Risk management policies and procedures***

An Applicant must attach relevant risk management policies and procedures that demonstrate how the Applicant identifies, assesses, monitors, reports on, mitigates and manages each material risk.

### ***Designated risk management function***

An Applicant must attach documentation that describes the Applicant's designated risk management function, demonstrating compliance with the requirements in SPS 220.

### ***Risk management role statements***

An Applicant must attach role statements, and any other relevant documentation, such as an organisational chart, that demonstrates the responsibilities of the identified risk management roles. The documentation must demonstrate the reporting lines in place with respect to the Applicant's risk management framework.

## **B2.2 Business plan**

### ***Business plan***

SPS 220 requires that an RSE licensee must have a written plan that sets out its strategic direction and the RSE licensee's approach to managing its business operations (business plan). An Applicant must attach a Board approved business plan that complies with the requirements in SPS 220 which is to include a consideration of the Applicant's material risks.

The business plan would outline the Applicant's projected financial performance for the next 3 – 5 years. The business plan would include the key business drivers such as the number of members, funds under management, fee structure and income, expenses, and number of subplans (if applicable). The projections would detail the assumptions used in determining the forecasts and the reasonableness of such forecasts, including any sensitivity analysis that has been undertaken.

The business plan would clearly outline the business rationale for offering superannuation in the Applicant's target market. This would include an analysis of the viability of the business model including details of what will differentiate the Applicant's proposed superannuation entity from its competitors, target market and any potential conflicts with the business model.

## **B2.3 Internal audit**

### ***Internal audit arrangements***

As part of the internal control functions, SPS 510 requires an RSE licensee to have an independent and adequately resourced internal audit function. Attach documentation that clearly demonstrates the Applicant's internal audit arrangements, describing whether internal audit is undertaken in-house, or has been outsourced to a third party service provider. Where the internal audit arrangements are in-house, attach documentation that details the structure and resources in place for the internal audit function. This may include documents such as role statements, organisational charts demonstrating reporting lines, and CVs of internal audit staff, etc.

### ***Internal audit – engagement letter***

Where an Applicant has outsourced the internal audit function to a third party service provider and the Applicant has engaged a proposed internal auditor, attach a copy of the internal audit engagement letter.

## **B2.4 Adequacy of resources**

### ***Statement of financial position***

SPS 220 requires an RSE licensee to maintain financial resources at a level adequate to ensure its ongoing solvency and adequate liquidity to support its business operations. Attach an audited copy of the Applicant's statement of financial position for the last two years. APRA expects that the Applicant's statement of financial position will be able to demonstrate that the Applicant has sufficient financial resources to undertake the business of being an RSE licensee.

### ***Financial budget forecasts***

Attach a copy of the Applicant's projected financial budget forecasts for the next three years. APRA expects that the Applicant's projected financial budget forecasts would be a realistic representation of all the Applicant's expected in-flows and expenses operating as an RSE licensee based on the projected growth in members and member contributions for the next three years.

### ***Human resources***

SPS 220 requires an RSE licensee to maintain human resources at a level adequate for its business operations. Attach relevant documentation which demonstrates that the Applicant's human resources enable the Applicant to effectively carry out its operations and support its risk management framework. SPS 220 requires an RSE licensee to maintain adequate levels of personnel with the necessary knowledge, skills and expertise. Relevant documentation could include material such as organisational charts, role statements and CVs.

### ***Technical resources***

SPS 220 requires an RSE licensee to maintain technical resources at a level adequate for its business operations. Attach relevant documentation to demonstrate the Applicant's technical resources as outlined in the requirements in SPS 220.

### ***SuperStream***

Attach relevant documentation which demonstrates how the Applicant will comply with the requirements relating to SuperStream in the *Superannuation Data and Payment Standards 2012*. The documentation could include material such as policies and procedures.

### ***Attachment A – SPS 220 – Paragraph (h)***

Attach relevant documentation that describes the Applicant's procedures for complying with the provisions of the SIS Act and FSCOD Act as listed in SPS 220 Attachment A, paragraph (h). The document would describe how the Applicant ensures that when making its risk management declaration, the information provided to APRA accurately represents the transactions for the year and financial position at year end.

## **B3 – Prudential Standard SPS 231 Outsourcing**

### **B3.2 Outsourced material business activities**

A material business activity is defined in SPS 231. Provide the name of the service provider for each material business activity that has been outsourced or is proposed to be outsourced by

the Applicant. Include information regarding the role of the service provider and indicate whether the outsourced service is offshore or conducts some business activities offshore. Attach a copy of the outsourcing agreement with the service provider, or a copy of a draft outsourcing agreement where an agreement has not yet been finalised. Provide an additional table where needed.

## **B4 – Prudential Standard SPS 232 Business Continuity Management**

### **B4.1 Business Continuity Management**

If the following items are not included in either the business continuity management policy or the business continuity plan, attach these items separately.

#### ***Business impact analysis***

Attach a copy of the Applicant's business impact analysis that complies with the requirements in SPS 232 and includes the minimum considerations.

#### ***Disaster recover objectives and strategies***

Attach a document detailing the Applicant's recovery objectives and strategies that comply with the requirements of SPS 232 if it is not contained in the Applicant's business continuity policy or plan (e.g. a disaster recovery plan).

## **B5 – Prudential Standard SPS 250 Insurance in Superannuation**

### **B5.1 Insurance management framework**

#### ***Insurance policies and procedures***

SPS 250 requires an RSE licensee to have in place an insurance management framework consisting of the totality of systems, structures, policies, processes and people to manage making insurer benefits available to beneficiaries. Attach a copy of all relevant insurance policies and procedural documents that contributes to the Applicant's insurance management framework.

#### ***Insurance management role statements***

Attach role statements related to insurance management and any relevant documentation, such as, or organisational charts, that provides a clear description of the reporting lines in place with respect to the insurance management framework.

### **B5.2 Selection of insurers**

Attach relevant documentation such as the Applicant's due diligence process for selecting an insurer(s) that demonstrates how the Applicant complies with the requirements in SPS 250.



### B5.3 Insurance arrangements

For each insurance arrangement in place include the insurer's name and ABN. Indicate whether the insurer is an associate of the Applicant. Associate is defined in s. 12 of the SIS Act.

Select the insurance type from the options below and attach a copy of the insurance agreement:

<b>Life insurance</b>	Represents a benefit, in respect of each member in the proposed superannuation entity, that is payable only in the event of the death of the member and which is provided by taking out insurance. Includes: life insurance policies offered through superannuation only and insurance premiums are contributions. Refer to s. 68AA(1)(b) of the SIS Act.
<b>Total and permanent disability</b>	Represents a benefit, in respect of each member in the proposed superannuation entity, that is payable only if the member is suffering permanent incapacity. Refer to s. 68AA and s. 10 of the SIS Act and also, the definition or 'permanent incapacity' in r. 1.03C of the Regulations.
<b>Income protection</b>	Represents temporary incapacity cover is provided to members in the proposed superannuation entity, where temporary incapacity insurance cover has the meaning given in r. 6.01 of the Regulations.
<b>Other</b>	Represents where insured benefits that are not otherwise categorised as life insurance, total and permanent disability insurance or income protection insurance. Includes: permissible insurance types as outlined in the SIS Act, types of insurance which have been grandfathered under law and legacy insurance arrangements where no insurance premium is payable by the member of the proposed superannuation entity because the insurance policy is based on a surrender value. Reference: s. 68AA and s. 10 of the SIS Act and r. 1.03C and r. 6.01 of the Regulations.

## ***B6 – Prudential Standard SPS 310 Audit and Related Matters***

### **B6.1 Proposed appointed auditor**

#### ***Has a proposed RSE auditor been appointed?***

Indicate whether a proposed RSE auditor has been appointed for the proposed superannuation entity in the Applicant's business operations. If 'yes' is selected, complete section A8.

#### ***Terms of engagement***

Where the Applicant has appointed a proposed RSE auditor, attach a copy of the terms of engagement. The Applicant must ensure that the terms of the engagement address the matters listed in SPS 310.

## **B7 – Prudential Standard SPS 510 Governance**

### **B7.1 Governance - Board**

#### ***Board delegated authority***

SPS 510 allows the Board to delegate authority to management to act on behalf of the Board in respect of certain matters. This delegation must be clearly documented. Attach relevant documentation that outlines the authority delegated by the Board to various parties.

#### ***Board skills***

Attach relevant documentation to demonstrate that the Board collectively has the full range of skills needed for effective and prudent operation of the Applicant's business operations as an RSE licensee. The documentation must take into consideration the requirements in SPS 510. Relevant documentation may include items such as a skills matrix and skills assessments of each director against pre-established criteria.

### **B7.2 Remuneration**

#### ***Remuneration policy***

SPS 510 requires that the Remuneration Committee must establish and maintain policies and procedures for conducting regular reviews of, and making recommendations to the Board on, the RSE licensee's Remuneration Policy. Attach a copy of the Board's remuneration policy and relevant Board remuneration committee charter.

### **B7.3 Audit**

#### ***Confidential information policy / procedures***

SPS 510 requires that the Board Audit Committee must establish and maintain policies and procedures for employees of an RSE licensee to submit, confidentially, information about accounting, internal control, compliance, audit, and other matters about which the employee has concerns. Attach relevant policies and procedures that demonstrate how employees of the Applicant can submit information confidentially to the Board Audit Committee.

### **B7.4 Other Board committees**

Complete the table by providing the names of all of the Applicant's Board committees. Include the Board committee member names and the position that each member occupies on the committee, such as, Chairperson or member. Attach the charter of each board committee listed in the table.

## **B8 - Prudential Standard SPS 520 Fit and Proper**

SPS 520 requires that the Board to have a documented policy for fitness and propriety of its responsible persons. Attach a copy of the Board's Fitness and Proper policy and relevant documented competencies for each responsible person.

## **B9 – Prudential Standard SPS 521 Conflicts of Interest**

### ***Conflicts management role statements***

SPS 521 requires an RSE licensee's conflicts management framework to include clearly defined roles for the oversight of conflicts management. Attach role statements and any other relevant information which demonstrates the Applicant's designated roles for the oversight of conflicts management.

## **B10 – Prudential Standard SPS 530 Investment Governance**

### ***Investment governance framework***

SPS 530 requires an RSE licensee to have in place an investment governance framework that is the totality of systems, structures, policies, processes and people to address the RSE licensee's responsibilities with regard to investments of each RSE within the RSE licensee's business operations. SPS 530 sets out the minimum inclusions for the investment governance framework. Attach relevant documentation that details the Applicant's investment governance framework and demonstrates compliance with the requirements in SPS 530.

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### ***Investment activity role statements***

SPS 530 requires that for each role related to an investment activity, the role statements include details of each role's responsibilities and reporting structures. Attach relevant role statement documents and any other documentation that demonstrates compliance with the requirements of SPS 530.

### ***Investment selection process***

SPS 530 requires an RSE licensee to have processes and criteria for selecting each investment to give effect to the investment strategy (investment selection process) to ensure effective due diligence. SPS 530 outlines a number of matters that an RSE licensee's investment selection process must satisfy. Attach relevant documentation that outlines the Applicant's investment selection process including the criteria for selecting investments and the due diligence process undertaken.

### ***Stress testing program***

SPS 530 requires an RSE licensee to have a comprehensive stress testing program that includes, at a minimum, the performance of each investment option against the stress scenarios required in the standard. Attach relevant documentation which details the Applicant's stress testing program and demonstrates compliance with the requirements in SPS 530.

## **B11 – Prudential standards – additional matters**

Additional matters demonstrating likely compliance with prudential standards.

This item is optional.

If the Applicant considers that there are matters, not otherwise sought in the approved application form, and that it wishes APRA to take into account, it should attach documents addressing those matters. This item in the application is intended to give the Applicant the opportunity to address any other areas it believes may be relevant to its application.

In addition to matters directly included in the application form, APRA's supervisory view of the Applicant and its directors may be relevant to its consideration of the likely compliance with the prudential standards. The weight to be given to this factor in assessing the likelihood of future compliance will depend on a number of matters, including the circumstances surrounding any issues of concern.

Before APRA makes a final decision to decline an application for an RSE licence, it will advise the Applicant of its preliminary view and the reasons for it. The Applicant will have the opportunity to show cause why the proposed decision should not be made, and its submission will be taken into account in APRA's final decision.

## **Part C – Attestations**

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An Applicant is not required to sign Part C if the Applicant has indicated in Part A that the application form is a draft.

Where the application is final, Part C contains attestations that must be completed by at least two directors where an Applicant is a body corporate (Attestation A), or by each trustee where the Applicant is a group of individual trustees (Attestation B). For Attestation B, provide an additional attestation if further space is required to accommodate all trustee signatures.

## Checklist – Part A – General information

Use the checklist below to ensure that all relevant forms are completed and supporting documentation, where applicable, is attached.

Section	General information	Attached
A1	Licence class	
A2	Applicant	
A3	Contact details	
A4	Corporation details	
	- Historical ASIC company search	<input type="checkbox"/>
<b>Responsible person details</b>		
A5	Responsible person details – Director / Individual trustee	
	- Curriculum vitae	<input type="checkbox"/>
	- Nationality	<input type="checkbox"/>
	- Australian residency	<input type="checkbox"/>
	- Fit and proper assessment	<input type="checkbox"/>
	- Disqualified person status	<input type="checkbox"/>
A6	Responsible person details - Secretary	
	- Nationality	<input type="checkbox"/>
	- Australian residency	<input type="checkbox"/>
	- Fit and proper assessment	<input type="checkbox"/>
	- Disqualified person status	<input type="checkbox"/>
A7	Responsible person details – Senior Manager	
	- Nationality	<input type="checkbox"/>
	- Australian residency	<input type="checkbox"/>
	- Fit and proper assessment	<input type="checkbox"/>
	- Disqualified person status	<input type="checkbox"/>
A8	Responsible person details – Proposed RSE Auditor	
	- RSE auditor independence	<input type="checkbox"/>
	- Fit and proper assessment	<input type="checkbox"/>
	- Additional fitness and propriety criteria applying to RSE auditors	<input type="checkbox"/>
	- RSE auditor declaration	<input type="checkbox"/>

- A9 Responsible person details – Proposed RSE actuary
- Fit and proper assessment
  - Additional fitness and propriety criteria applying to RSE auditors

**General applicant details**

- A10 Australian financial services licence
- AFSL
- A11 Trustee insurance
- Indemnity limits
  - Insurance policy
- A12 Other business
- A13 Controlling influence – natural person
- Nationality
  - Person’s controlling influence
- A14 Controlling influence – corporation
- Corporation’s controlling influence

## Checklist - Part B – Likely compliance with prudential standards

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Use the checklist below to ensure that all relevant sections are completed and supporting documentation, where applicable, is attached.

<b>B1</b>	<b>SPS 114 Operational Risk Financial Requirements</b>	<b>Attached</b>
B11	ORFR	
	- ORFR strategy	<input type="checkbox"/>
<b>B2</b>	<b>SPS 220 Risk Management</b>	
B2.1	Risk management framework	
	- Risk appetite statement	<input type="checkbox"/>
	- Risk management strategy	<input type="checkbox"/>
	- Risk management policies and procedures	<input type="checkbox"/>
	- Designated risk management function	<input type="checkbox"/>
	- Risk management role statements	<input type="checkbox"/>
B2.2	Business plan	
B2.3	Internal audit	
	- Internal audit arrangements	<input type="checkbox"/>
	- Internal audit – engagement letter	<input type="checkbox"/>
B2.4	Adequacy of resources	
	- Statement of financial position	<input type="checkbox"/>
	- Financial budget forecasts	<input type="checkbox"/>
	- Human resources	<input type="checkbox"/>
	- Technical resources	<input type="checkbox"/>
	- SuperStream	<input type="checkbox"/>
	- Attachment A – SPS 220 – Paragraph (h)	<input type="checkbox"/>
<b>B3</b>	<b>SPS 231 Outsourcing</b>	
B3.1	Outsourcing policy	
B3.2	Outsourced material business activities	
	- Outsourcing agreements	<input type="checkbox"/>

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<b>B4 SPS 232 Business Continuity Management</b>	
B4.1	Business Continuity Management
	- Business continuity management plan <input type="checkbox"/>
	- Business continuity plan <input type="checkbox"/>
	- Business impact analysis <input type="checkbox"/>
	- Disaster recovery objectives and strategies <input type="checkbox"/>
<b>B5 SPS 250 Insurance in Superannuation</b>	
B5.1	Insurance management framework
	- Insurance policies and procedures <input type="checkbox"/>
	- Insurance management role statements <input type="checkbox"/>
	- Declined insurance applications policy <input type="checkbox"/>
B5.2	Selection of insurers <input type="checkbox"/>
B5.3	Insurance arrangements
	- Insurance agreement <input type="checkbox"/>
<b>B6 SPS 310 Audit and Related Matters</b>	
B6.1	Proposed appointed auditor
	- Terms of engagement <input type="checkbox"/>
<b>B7 SPS 510 Governance</b>	
B7.1	Governance – Board
	- Board charter <input type="checkbox"/>
	- Board delegated authority <input type="checkbox"/>
	- Board skills <input type="checkbox"/>
	- Board renewal policy <input type="checkbox"/>
B7.2	Remuneration
	- Remuneration policy <input type="checkbox"/>
	- Remuneration committee charter <input type="checkbox"/>
B7.3	Board audit committee
	- Board audit committee charter <input type="checkbox"/>
	- Confidential information policy / procedures <input type="checkbox"/>
B7.4	Other Board committees
	- Board committee charter <input type="checkbox"/>



**B8 SPS 520 Fit and Proper**

- Fit and proper policy
- Responsible persons competencies

**B9 SPS 521 Conflicts of interest**

- Conflicts management policy
- Conflict management role statements
- Register of relevant duties
- Register of relevant interests

**B10 SPS 530 Investment Governance**

- Investment governance framework
- Investment activity role statements
- Investment selection process
- Stress testing program

**B11 Prudential standards – additional matters**

- Additional matters demonstrating likely compliance with prudential standards

# Glossary

<b>ABN</b>	Australian Business Number
<b>AFSL</b>	Australian Financial Services Licence issued by ASIC
<b>Applicant</b>	the body corporate or constitutional corporation, or each trustee if a group of individual trustees are applying for an RSE licence, and/or applying to register an RSE or SAF
<b>APRA</b>	Australian Prudential Regulation Authority
<b>ASIC</b>	Australian Securities and Investments Commission
<b>FSCOD Act</b>	<i>Financial Sector (Collection of Data) Act 2001</i>
<b>Prudential Standards</b>	those prescribed by s. 34C of the SIS Act
<b>Regulations</b>	<i>Superannuation Industry (Supervision) Regulations 1994</i>
<b>RMS</b>	risk management strategy as defined in SPS 220
<b>RSE</b>	registrable superannuation entity as defined by s. 10 of the SIS Act
<b>RSE licence</b>	registrable superannuation entity licence granted under s. 29D of the SIS Act
<b>RSE licensee</b>	a constitutional corporation, body corporate or group of individual trustees, that holds an RSE licence granted under s. 29D of the SIS Act
<b>SAF</b>	a small APRA fund, being a superannuation entity that is a regulated superannuation fund within the meaning of the SIS Act and has fewer than 5 members
<b>Superannuation entity</b>	defined by s. 10 of the SIS Act, a regulated superannuation fund, or an approved deposit fund, or a pooled superannuation trust.
<b>SIS Act</b>	<i>Superannuation Industry (Supervision) Act 1993</i>
<b>SPS 114</b>	<i>Prudential Standard SPS 114 Operational Risk Financial Requirement</i>
<b>SPS 220</b>	<i>Prudential Standard SPS 220 Risk Management</i>
<b>SPS 231</b>	<i>Prudential Standard SPS 231 Outsourcing</i>
<b>SPS 250</b>	<i>Prudential Standard SPS 250 Insurance in Superannuation</i>
<b>SPS 310</b>	<i>Prudential Standard SPS 310 Audit and Related Matters</i>
<b>SPS 510</b>	<i>Prudential Standard SPS 510 Governance</i>
<b>SPS 520</b>	<i>Prudential Standard SPS 520 Fit and Proper</i>

SPS 521

*Prudential Standard SPS 521 Conflicts of Interest*

SPS 530

*Prudential Standard SPS 530 Investment Governance*



 **APRA**