



24 November 2016

**To: All RSE licensees**

**Consultation on draft *Prudential Practice Guide SPG 227 Successor Fund Transfers and Wind-ups* (draft SPG 227)**

Over recent years, there has been considerable consolidation in the superannuation industry which is expected to continue into the future. With the current focus on sustainability, APRA understands that RSE licensees, in reviewing their strategic and business plans, may be considering the appropriateness of a successor fund transfer (SFT) of their registrable superannuation entity (RSE). Alternatively, an RSE licensee may be considering receiving another RSE as a transfer into its business operations.

APRA also recognises that the introduction of MySuper products in 2013-2014, as well as other recent developments in the superannuation industry, have introduced additional complexities for RSE licensees considering or undertaking an SFT.

APRA has therefore updated its guidance relating to SFTs and winding-up RSEs and is releasing draft *Prudential Practice Guide SPG 227 Successor Fund Transfers and Wind-ups* (draft SPG 227) for consultation. Draft SPG 227 provides guidance where an RSE licensee has made the decision to transfer some or all of its members to a different RSE via an SFT, and where an RSE licensee has made the decision to receive a transfer of members into its RSE via an SFT.<sup>1</sup>

Existing guidance that is still relevant has been incorporated in draft SPG 227, as has been guidance that reflects APRA's expectations in the following areas:

- the assessment of 'equivalent rights', including what is a 'right', accrued benefits and what assessment on a 'bundle of rights' basis means;
- the assessment of 'equivalent rights' when undertaking an SFT between MySuper products, and between MySuper lifecycle products and MySuper products with a single diversified investment strategy; and
- the equitable treatment of operational risk financial requirement (ORFR) financial resources when undertaking an SFT.

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<sup>1</sup> Existing guidance on SFTs and winding-up RSEs is issued in the form of superannuation circulars. Refer to Superannuation Circular no. *I.C.4: 'Equivalent Rights' for Members in Successor Fund Transfers* and Superannuation Circular no. *III.A.6: Winding-up a Superannuation Fund*. APRA's superannuation circulars are available on the APRA website at:  
<http://www.apra.gov.au/Super/PrudentialFramework/Pages/superannuation-circulars-guidance-notes-and-other-guidance.aspx>

After the consultation on draft SPG 227 is complete, APRA intends to issue final SPG 227 by mid-2017.

Draft SPG 227 is available on the APRA website at:

<http://www.apra.gov.au/Super/Pages/Release-draft-successor-fund-transfers-RSElic-Nov2016.aspx>

APRA welcomes feedback on draft SPG 227. Written submissions should be forwarded preferably by email to [superannuation.policy@apra.gov.au](mailto:superannuation.policy@apra.gov.au) by 17 February 2017. Submissions may also be addressed to:

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Yours sincerely



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