

23QW: From Mr Matt Thistlethwaite MP
Topic: Platform industry

Question:

For an investor in a platform to understand their total fees and costs, they would need to read the platform's disclosure document, and also read the disclosure documents of every option they were considering, and manually total all those fees and costs up would they not?

Answer:

This is correct and reflects the nature of platforms. A consumer will also need to assess risk and asset allocation for each option they are interested in investing in. In many cases, the consumer is assisted by a financial planner in making their choices. When the planner is providing personal advice in respect of investments made through the platform they must provide the investor a Statement of Advice, which will contain the costs of the recommended investments.

We also expect that as these consumers are prepared to make their own choices about investments, their level of engagement may be higher than a person who goes into (for example) a MySuper product.

We note that this structure has been in place pre-Stronger Super reform changes with regards to indirect costs. However, RG 97 will now require the industry to provide greater disclosure when investment options are offered through platforms. As noted, we expect that platform providers will give examples of the cumulative effect of fee and cost disclosure to investors. In addition, ASIC has released a Question and Answer on RG 97. Question 6 of the Q&A advises that we expect periodic statements of issuers who offer investment options through a platform to provide greater transparency with respect to the disclosure of total fees and costs, as required under s1017D(4) of the *Corporations Act 2001*. These issuers should demonstrate in periodic statements the effect of additional fees and costs by including separate and additional items such as "total costs", with a note indicating this includes costs of products held on investor instruction. ASIC acknowledges system constraints which may prevent these issuers from doing so, but expects these issuers to take reasonable steps addressing system limitations.

<http://asic.gov.au/regulatory-resources/superannuation-funds/superannuation-guidance-and-relief/fees-and-costs-disclosure/questions-and-answers-fees-and-costs-disclosure-superannuation-and-managed-investment-products/>