

## **EXPLANATORY STATEMENT**

### **Issued by authority of the Assistant Treasurer, Minister for Housing and Minister for Homelessness, Social and Community Housing**

*Corporations Act 2001*

*Australian Securities and Investments Commission Act 2001*

*Personal Property Securities Act 2009*

*Corporations and Other Legislation Amendment (Corporate Collective Investment  
Vehicle Framework) Regulations 2022*

Section 1364 of the *Corporations Act 2001* (Corporations Act) provides that the Governor-General may make regulations prescribing matters required or permitted by that Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to that Act.

Section 251 of the *Australian Securities and Investments Commission Act 2001* (ASIC Act) provides that the Governor-General may make regulations prescribing matters required or permitted by that Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to that Act.

Section 303 of the *Personal Property Securities Act 2009* (PPS Act) provides that the Governor-General may make regulations prescribing matters required or permitted by that Act to be prescribed, or necessary or convenient to be prescribed, for carrying out or giving effect to that Act.

The *Corporations and Other Legislation Amendment (Corporate Collective Investment Vehicle Framework) Regulations 2022* (CCIV Regulations) makes amendments to the following:

- the *Australian Securities and Investments Commission Regulations 2001* (ASIC Regulations);
- the *Corporations Regulations 2001* (Corporations Regulations); and
- the *Personal Property Securities Regulations 2010* (PPS Regulations).

The CCIV Regulations support the operation of the *Corporate Collective Investment Vehicle Framework and Other Measures Act 2022* (CCIV Act). The CCIV Act inserts a new Chapter 8B into the Corporations Act and makes other related amendments to establish a Corporate Collective Investment Vehicle (CCIV) as a new type of company limited by shares and used for funds management. Establishing the CCIV regime in Australia is intended to increase the competitiveness of Australia's managed funds industry by providing an internationally recognisable corporate vehicle as an alternative to a trust-based Managed Investment Scheme (MIS).

The CCIV Regulations provide for the following matters required or permitted to be prescribed under Chapter 8B of the Corporations Act:

- prohibition on circular cross-investment between sub-funds of a CCIV;

- restrictions on a CCIV's entitlement to vote as a member on a resolution of one of its sub-funds;
- financial record-keeping and reporting requirements;
- minimum standards and other requirements for the custody of a CCIV's assets;
- facilitation of a short form Product Disclosure Statement for simple sub-fund products; and
- further consequential amendments to Chapter 7 of the Corporations Regulations for the regulation of financial services for the CCIV regime.

The CCIV Regulations also make minor consequential amendments to:

- the ASIC Regulations, to ensure that reporting requirements apply appropriately where ASIC uses its power to request information about the compliance plan of a retail CCIV; and
- the PPS Regulations, to ensure the security interests are appropriately registered on the Personal Property Securities Register for the CCIV regime.

Details of the CCIV Regulations are set out in [Attachment A](#).

The empowering Acts do not specify any conditions that must be satisfied before the power to make Regulations may be exercised. Section 4 of the *Acts Interpretation Act 1901* enables regulations to be made in anticipation of the commencement of the relevant authorising provisions in Chapter 8B of the Corporations Act.

Public consultation on the CCIV Regulations occurred from 21 December 2021 until 21 January 2022. During this time, Treasury engaged with stakeholders and the Australian Securities and Investments Commission. Four written submissions were received. Stakeholders did not raise any significant issues with the proposed Regulations during consultation. Some minor amendments were made following consultation to ensure the changes operate as intended and in a manner that is consistent with the CCIV regime under the CCIV Act.

The CCIV Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*.

The Corporations Regulations and regulations made under the ASIC Act are exempt from sunseting under section 12 of the *Legislation (Exemptions and Other Matters) Regulation 2015*. They were exempted as they are part of the Corporations Agreement 2002 (an intergovernmental scheme between the Commonwealth, States and Territories) and support that scheme, and are integral to long-term decision making by relevant stakeholders. However, as the CCIV Regulations is an amending instrument, it will be automatically repealed by the operation of the *Legislation Act 2003*.

To ensure the CCIV Regulations commence in line with the CCIV Act, the CCIV Regulations will commence on the later of the day after the instrument is registered and 1 July 2022.

The Regulation Impact Statement for the new CCIV regime was included in the explanatory memorandum for the CCIV Act.

A Statement of Compatibility with Human Rights is at [Attachment B](#).

**Details of the Corporations and Other Legislation Amendment (Corporate Collective Investment Vehicle Framework) Regulations 2022**

**Section 1 – Name of the Regulations**

This section provides that the name of the Regulations is the *Corporations and Other Legislation Amendment (Corporate Collective Investment Vehicle Framework) Regulations 2022* (CCIV Regulations).

**Section 2 – Commencement**

The CCIV Regulations commence on the later of the day after registration and 1 July 2022.

**Section 3 – Authority**

The CCIV Regulations are made under:

- the *Australian Securities and Investments Commission Act 2001* (ASIC Act);
- the *Corporations Act 2001* (Corporations Act); and
- the *Personal Property Securities Act 2009* (PPS Act).

**Section 4 – Schedules**

This section provides that each instrument that is specified in the Schedules to this instrument will be amended or repealed as set out in the applicable items in the Schedules, and any other item in the Schedules to this instrument has effect according to its terms.

Unless otherwise specified, all references to Regulations are to the *Corporations Regulations 2001* (Corporations Regulations).

**Schedule 1 – Main amendments**

**Item 25 – New Chapter 8B of the Corporations Regulations**

Item 25 of the CCIV Regulations inserts Chapter 8B into the Corporations Regulations. This chapter corresponds to Chapter 8B of the Corporations Act, which is inserted by the *Corporate Collective Investment Vehicle Framework and Other Measures Act 2022* (CCIV Act).

Chapter 8B of the Corporations Regulations prescribes matters in relation to the Corporate Collective Investment Vehicle (CCIV) regime, as permitted or required under specified regulation-making powers in the Corporations Act. These matters are largely technical in nature and are necessary to ensure the new CCIV regime operates as intended upon commencement on 1 July 2022. Therefore, it is necessary and appropriate for these matters to be prescribed in the Regulations.

Chapter 8B consists of Part 8B.4 (prescribing matters in relation to corporate finance and financial reporting) and Part 8B.5 (prescribing matters in relation to the operation of a CCIV).

## ***Part 8B.4—Corporate finance and financial reporting for CCIVs***

### ***Division 1 – Shares***

#### ***Restrictions on cross-investment between sub-funds of a CCIV***

Under the CCIV Act, sub-funds of the same CCIV are permitted to undertake cross-investment. That is, the CCIV may acquire, in respect of one sub-fund, shares referable to another sub-fund of that CCIV (see section 1230Q). Those shares become the assets of the acquiring sub-fund. Cross-investment is subject to any requirements or restrictions prescribed in the Corporations Regulations (see sections 1230R and 1230S).

Regulation 8B.4.10 prohibits a CCIV from engaging in circular cross-investment. That is, the CCIV must not acquire, in respect of one sub-fund (the acquiring sub-fund), shares that are referable to another sub-fund (the issuing sub-fund) if doing so would result in the acquiring sub-fund obtaining an interest in itself, whether directly or indirectly.

An acquiring sub-fund obtains an interest in itself if the issuing sub-fund has an asset that constitutes:

- shares referable to the acquiring sub-fund (direct circular cross-investment); or
- shares referable to another sub-fund of the CCIV (an interposed sub-fund), where that interposed sub-fund's assets include shares referable to either the acquiring sub-fund or another interposed sub-fund (indirect circular cross-investment).

Diagram 1 illustrates an example of direct circular cross-investment and Diagram 2 illustrates an example of indirect circular cross-investment.

Under the CCIV Act, a contravention of regulation 8B.4.10 does not affect the validity of the acquisition or of any contract or transaction connected with it. In addition, the CCIV itself does not commit an offence. However, a person involved in a contravention is liable for an offence (if the involvement is dishonest) or a civil penalty under the Corporations Act, which attracts the consequences set out in Part 9.4B of the Corporations Act (see section 1230S). The CCIV Act makes clear that a CCIV must comply with any additional requirements or restrictions prescribed by regulations (see subsection 1230S(1) and the note to subsection 1230Q(1)).

The restriction on circular cross-investment is intended to provide additional protection for the members of a CCIV that engages in cross-investment. Circular investment risks significant harm to the members of the investor sub-fund and other third parties that engage with the CCIV (such as creditors). In addition, it may compromise the integrity of the CCIV's structure (for example, with respect to the strict segregation of the sub-funds of the CCIV).

Prescribing the restriction on circular cross-investment in regulations is appropriate as it ensures there is sufficient flexibility to determine and adjust the requirements over time, in response to changes in the market or issues that may only become apparent once the regime is operational. This approach is also consistent with comparable regimes in other jurisdictions, such as Singapore and the United Kingdom.

### Diagram 1 – Direct circular cross-investment

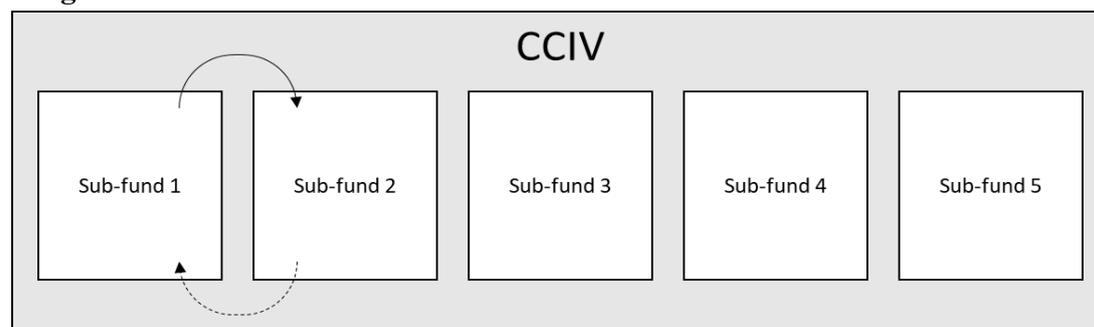


Diagram 1 sets out an example of direct circular cross-investment. In this example, the CCIV has acquired, in respect of sub-fund 1, shares referable to sub-fund 2. The shares referable to sub-fund 2 are assets of sub-fund 1.

Accordingly, the CCIV is prohibited from acquiring, in respect of sub-fund 2, shares referable to sub-fund 1. The investment represented by the dotted line in Diagram 1 would therefore be prohibited by Regulation 8B.4.10.

### Diagram 2 – Indirect circular cross-investment

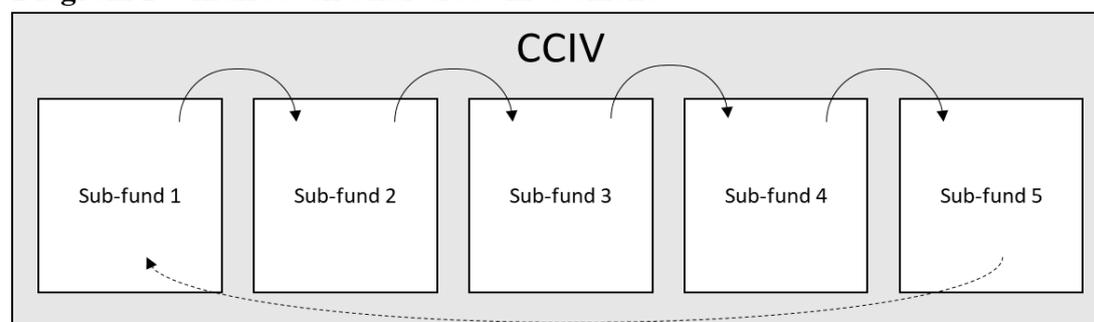


Diagram 2 sets out an example of indirect circular cross-investment. In this example, the CCIV has acquired:

- for sub-fund 1, shares referable to sub-fund 2 – such that sub-fund 1's assets include shares referable to sub-fund 2;
- for sub-fund 2, shares referable to sub-fund 3 – such that sub-fund 2's assets include shares referable to sub-fund 3;
- for sub-fund 3, shares referable to sub-fund 4 – such that sub-fund 3's assets include shares referable to sub-fund 4; and
- for sub-fund 4, shares referable to sub-fund 5 – such that sub-fund 4's assets include shares referable to sub-fund 5.

The CCIV is prohibited from acquiring, in respect of sub-fund 5, shares referable to sub-fund 1, as this acquisition would result in sub-fund 5 acquiring an interest in itself via interposed sub-funds 2, 3 and 4. The investment represented by the dotted line in Diagram 2 would therefore be prohibited by Regulation 8B.4.10

Regulation 8B.4.10 applies to all instances of circular cross-investment, including those not depicted in Diagram 2. In the example described above, all of the following acquisitions would be prohibited:

- in respect of sub-fund 2 – shares referable to sub-fund 1;
- in respect of sub-fund 3 – shares referable to sub-funds 1 or 2;

- in respect of sub-fund 4 – shares referable to sub-funds 1, 2 or 3; and
- in respect of sub-fund 5 – shares referable to sub-funds 1, 2, 3 or 4.

#### *Voting rights arising from cross-investment between sub-funds of a CCIV*

A consequence of cross-investment is that, in acquiring shares referable to one of its sub-funds, the CCIV is entitled to rights as a member of that sub-fund.

Under the CCIV Act, the CCIV is entitled to vote, as a member, on a resolution at a meeting of the members of one of its sub-funds (see subsection 1230T(2)). However, the CCIV is not entitled to vote as a member at a meeting of the members of the CCIV as a whole (see subsection 1230T(1)).

The CCIV's entitlement to vote on a resolution of the members of a sub-fund is subject to any requirements prescribed in the CCIV Regulations (see subsection 1230T(3)).

Regulation 8B.4.15 provides that a CCIV is only entitled to vote on a resolution of an issuing sub-fund if the members of the acquiring sub-fund pass a resolution that determines how the CCIV is to vote. The terms of the resolution are a matter for the CCIV.

The CCIV is only entitled to vote in accordance with an authorising resolution. If the members of the acquiring sub-fund do not pass a resolution as required, the CCIV is not entitled to vote in respect of that sub-fund. Under the Corporations Act, an ordinary resolution is passed by a simple majority.

A CCIV may be a member of one sub-fund in respect of multiple sub-funds. This is because a CCIV may acquire, in respect of multiple sub-funds, shares referable to the same sub-fund. On a resolution of the members of that sub-fund, the CCIV's vote is not aggregated even though it is one legal person. It must separately obtain a resolution of the members of each acquiring sub-fund to determine its vote on behalf of that sub-fund, and then vote accordingly. This means the CCIV could cast conflicting votes on the same sub-fund resolution to reflect the outcomes in respect of different sub-funds.

Regulation 8B.4.15 applies to any resolution on which the CCIV may vote as a member. This includes a resolution to determine the CCIV's vote on another resolution.

#### ***Division 4 – Financial reports and audit of CCIVs***

Under the CCIV Act, all CCIVs must keep financial records for the CCIV and each sub-fund (see section 1232A). Retail CCIVs must prepare financial reports for each sub-fund (see sections 1232C to 1232G). Regulations may prescribe further requirements in relation to these records and reports (sections 1232A(1)(c) and 1232D(3) respectively).

#### *Financial records for cross-investment between sub-funds of a CCIV*

Regulation 8B.4.40 provides that the financial records of a sub-fund of a CCIV must correctly and clearly identify and explain all cross-investment between that sub-fund and any other sub-fund of the same CCIV. This requirement ensures that the financial records of a sub-fund of a CCIV are accurate, transparent and comprehensive.

### *Financial reporting for cross-investment between sub-funds of a CCIV*

Regulation 8B.4.45 provides that the annual financial report of a sub-fund of a retail CCIV must disclose all cross-investment between that sub-fund and any other sub-fund of the same CCIV. This requirement ensures that the annual financial report of a sub-fund of a retail CCIV is accurate, transparent and comprehensive.

Where the sub-fund is an investor (that is, it has acquired shares referable to one or more sub-funds in the same CCIV), it must disclose the number and value of the shares of other sub-funds of the CCIV that it holds as its assets as at the end of the financial year (in total and on a sub-fund by sub-fund basis).

Where the sub-fund is an investee (that is, its shares are held as assets of other sub-funds in the same CCIV), it must disclose:

- an opening balance of the number and value of shares held as assets of other sub-funds as at the start of the financial year;
- aggregates of the number and value of shares that become assets of other sub-funds at any time during the financial year (that is, aggregate number and value of shares issued);
- aggregates of the number and value of shares that cease to be assets of other sub-funds at any time during the financial year (that is, aggregate number and value of shares disposed of); and
- a closing balance of the number and value of shares held as assets of other sub-funds as at the end of the financial year.

These disclosures must be made in total for all sub-funds, as well as separately on a sub-fund by sub-fund basis. All disclosures regarding the value of shares must be expressed in Australian dollars.

These disclosures must be reflected in the notes to the financial statement for the sub-fund.

### *Combining reports for sub-funds of the same CCIV*

Regulation 8B.4.50 facilitates the preparation of a single financial report for multiple sub-funds of a retail CCIV. This enables a retail CCIV to prepare a single document – such as a financial report, directors’ report or audit report – which covers multiple sub-funds within that CCIV, at its discretion. If a retail CCIV chooses to prepare such a combined report, it must clearly identify each matter for each of the sub-funds covered by the report. The financial information for each individual sub-fund must be separately identified within the report (that is, the information for multiple sub-funds cannot be consolidated into a single set of financial statements for that CCIV).

This regulation modifies the operation of the reporting provisions in Part 2M.3 of the Corporations Act, in their application to retail CCIVs (see sections 323 and 1243A of the Corporations Act). However, it has no impact on the level of transparency imposed on retail CCIVs by the Corporations Act. This modification merely provides flexibility in how retail CCIVs may choose to display the requisite information.

The capacity to prepare combined reports for sub-funds of a retail CCIV provides similar flexibility to what is available for the financial reports of multiple registered schemes operated by the same responsible entity (which is currently facilitated by the Australian Securities and Investments Commission in class order relief).

### ***Part 8B.5 — Operating a CCIV***

Under the CCIV Act, the money and property of a CCIV may be held by the CCIV or another person, subject to any requirements prescribed by regulations (see Division 5 of Part 8B.5). Subsection 1234K(1) provides that regulations may prescribe classes of assets to which Division 5 of Part 8B.5, or specified provisions of Division 5 of Part 8B.5, do not apply. Subsection 1234K(2) further provides that regulations may make additional provisions for the holding of assets in a class prescribed for the purposes of subsection 1234(1).

#### *Minimum standards for holding assets*

Regulation 8B.5.10 imposes minimum standards that apply to any person, other than the CCIV, holding the money and property of the CCIV (an asset holder). This regulation provides additional protection for the members of a CCIV by ensuring that anyone who holds the CCIV's assets meets the specified minimum standards. The development of these requirements was informed by requirements that currently apply to other similar investment structures.

In particular, the asset holder must have adequate capacity and resources to hold the money and property of the CCIV. Adequate capacity and resources can include such considerations as appropriately skilled staff, relevant training made available to staff, and availability of resources (such as computers and programs).

In addition, in cases where the asset holder also performs other functions for the CCIV (such as investment management functions), that asset holder must have adequate arrangements in place to manage any conflicts of interest that may arise in undertaking those functions.

Regulation 8B.5.10 also requires the corporate director of the CCIV to monitor the asset holder's compliance with the above minimum standards during the period for which they are engaged, review the person's compliance every 13 months, and make the outcomes of that review available to ASIC at its request. This ensures that a person holding the assets of a CCIV is subject to appropriate oversight and monitoring to ensure adequate levels of investor protection.

#### *Exception to trust requirements for assets held outside Australia*

Regulation 8B.5.15 prescribes money or property held by another person outside of Australia as a class of assets to which section 1234H may not apply. Section 1234H provides that where a CCIV's money or property is held by a person other than the CCIV, it is held on trust for the CCIV. Under regulation 8B.5.15, the person is not required to hold the CCIV's money or property on trust if:

- the money or property is held outside of Australia in another jurisdiction;
- it is not reasonable for the money or property to be held on trust under the laws of that other jurisdiction; and
- there are adequate safeguards in place to protect the money or property given general law protections under a trust are not available – including from the insolvency of the other person.

Regulation 8B.5.15 addresses the limited circumstances where it is not possible to hold assets on trust in jurisdictions outside of Australia, for example because trusts are

not recognised in domestic law or are not used for this kind of investment activity in that jurisdiction. It is necessary and appropriate to ensure the CCIV regime is commercially operable.

The exception is prescribed by regulations rather than being provided for in ASIC class order relief, which currently applies to managed investment schemes.

*Exception to requirements for holding assets separately*

Subregulation 8B.5.20(1) creates an exception to the requirement established under the CCIV Act that the assets of a sub-fund of a CCIV must be held separately from any other property in order to enable the use of omnibus accounts (see section 1234J). An omnibus account is a single account that holds the assets of more than one person. It is typically used to achieve efficiencies and cost savings by consolidating similar assets. This exception applies to certain classes of assets being:

- Australian or foreign currency;
- rights to Australian or foreign currency that is held in a deposit-taking facility made available by an authorised deposit-taking institution (within the meaning of the *Banking Act 1959*);
- rights to Australian or foreign currency that is held in a deposit-taking facility made available by a banking business (within the meaning of the *Banking Act 1959*) in a foreign country;
- securities; and
- derivatives.

No other classes of assets are excepted from the requirement under section 1234J.

The above classes allow for Australian or foreign currency or rights to Australian foreign currency in banking businesses located in Australia or in a foreign jurisdiction, derivatives, and securities (as defined by subsection 92(1) of the Corporations Act).

This facilitates the use of omnibus accounts for these classes of assets. If an asset of a sub-fund is held together with other property (such as the assets of another sub-fund or the assets of another entity), then further requirements apply. In particular, under subregulation 8B.5.20(2):

- the asset must be held separately from any money or property of the asset holder;
- there must be adequate safeguards in place for the protection of the prescribed assets (including from the external administration of another sub-fund or other entity);
- the asset holder must do all things necessary to ensure that the fact that the asset is being held together with other assets does not restrict the CCIV's capacity to exercise any rights in respect of that asset;
- the asset holder must do all things necessary to ensure that a reconciliation of the asset occurs each business day, or if it is ordinary and reasonable, as frequently as would occur in commercial practice for that asset;

- if a discrepancy arises in the above reconciliation (such as a shortfall), the asset holder must do all things necessary to rectify the discrepancy within 2 business days after its discovery (which can include, for example, the custodian, CCIV or another person providing additional property to make up any shortfalls identified); and
- the asset holder must keep adequate records of the asset and provide reasonable assistance to the corporate director (for example, to assist compliance with the rules for the allocation of assets under the CCIV Act).

A range of matters may be considered when determining if there are adequate safeguards in place to protect the assets held in an omnibus account (to satisfy the requirement outlined above). For example, safeguards may include holding assets on trust, implementing protocols to protect and account for the assets, and ensuring appropriate procedures are in place for giving and acting on instructions in relation to assets.

These requirements are appropriate and necessary for inclusion in regulations and apply only in the limited circumstances where assets are not held separately. Assets of a class listed in subregulation 8B.5.20(1), but held separately in accordance with section 1234J, are not subject to subregulation 8B.5.20(2).

#### Items 2 to 23 and 25 to 30 – Other consequential amendments to the Corporations Regulations

Item 2 amends the information that is required to be included on the front page of a document submitted to ASIC under the Corporations Act. This amendment ensures that the front page of a document accurately reflects its contents. The effect of this item is that a document relating to a sub-fund of a CCIV must include the sub-fund's Australian Registered Fund Number (ARFN) on the first page.

Items 3 to 6 amend the information that must accompany a report lodged under sections 319 or 320 of the Corporations Act to include the specified details relevant to a sub-fund of a CCIV (such as its ARFN and the name of the corporate director). These items that a report lodged in relation to a sub-fund of a CCIV is accompanied by accurate, relevant information.

Items 7 to 10 amend the information that ASIC may require in an extract or return of company particulars to include details relevant to a CCIV (such as the names and ARFNs of its sub-funds, the name and ACN of its corporate director and certain details of shares referable to a sub-fund).

Items 11, 13, 14, 16, 18, 20 and 22 address the application of winding up provisions under Chapter 5 of the Corporations Act. The CCIV Act facilitates the winding up of each sub-fund of a CCIV by applying translation rules, so that the winding up provisions in Chapter 5 of the Corporations Act apply as if the sub-fund were a company (see section 1237B). These items amend existing regulations to ensure that, where information is prescribed in relation to a winding up provision, and the subject of that provision is a sub-fund of a CCIV as a result of the operation of section 1237B, the prescribed information also includes the ARFN of that sub-fund.

Items 12, 13, 15, 17, 19, 21 and 23 also address the application of winding up provisions. These items insert notes to confirm that, where a regulation relates to a winding up provision and the subject of that provision is a sub-fund of a CCIV as

result of the operation of the translation rules in section 1237B, most references to a company in that regulation are taken to be references to the sub-fund. The notes are inserted to assist readers in understanding and interpreting the Corporations Regulations.

The translation rules do not apply in all circumstances. Subsection 1237B(5) provides that a reference to a company is taken to be a reference to the CCIV (rather than the sub-fund) if the context of the reference so requires. For example, where the reference requires the legal capacity and powers of a company, the reference to company stands.

Item 24 provides that the prescribed details of a passport fund include its ARFN if the passport fund is a sub-fund of a retail CCIV. The Asia Region Funds Passport (ARFP) scheme is a multilateral arrangement to enable portability of certain types of investment vehicles between participating jurisdictions. In Australia, funds must be registered under Chapter 8A of the Corporations Act to be part of the ARFP scheme. The CCIV Act amends Chapter 8A of the Corporations Act to provide for the registration of a sub-fund of a retail CCIV as an Australian passport fund.

Items 26 and 27 amend the information that may be searched for or obtained from the company register to include information specific to a CCIV, including its corporate director and the names and ARFNs of its sub-funds. As a CCIV is a company, a person could search for or obtain any of the information prescribed in existing regulation 9.1.02(a) in relation to a CCIV. The unique structure of a CCIV means that additional information must be prescribed to ensure that CCIVs are subject to the same level of transparency as other types of companies.

Item 28 provides that certain terms related to a CCIV are identical to their abbreviated form for the purpose of determining whether a name is already in use by a corporation.

Items 29 and 30 clarify that the reference to ‘marketable security’ in clause 8302(a) of Schedule 8 to the Corporations Regulations includes a share referable to a sub-fund of a CCIV where that sub-fund is the entity subject to a scheme of arrangement under Part 5.1 of the Corporations Act.

#### Item 1 – Amendment to the *Australian Securities and Investments Commission Regulations 2001*

Item 1 amends the *ASIC Securities and Investments Commission Regulations 2001* (ASIC Regulations) to ensure that ASIC reports the use of its power to request information about the compliance plan of a retail CCIV, which is provided for under new Chapter 8B of the Corporations Act, in its annual report.

ASIC is currently required to report on the use of its equivalent power to request information about the compliance plan of a registered scheme. This item would ensure that ASIC’s power in relation to a retail CCIV is subject to the same annual reporting requirements as currently apply to its power in relation to a registered scheme.

## **Schedule 2 – Simple sub-fund products**

Under the Corporations Act, financial products may only be sold to retail clients if they are accompanied by a Product Disclosure Statement (PDS). Chapter 7 of the Corporations Act establishes a comprehensive framework that regulates the form and content of PDS documents and imposes various obligations on the financial service providers who must prepare them. Certain simple financial products may be subject to a modified version of these requirements, including provision of a ‘simple PDS’.

Both Schedule 2 and Schedule 3 include amendments to the Corporations Regulations to ensure that existing PDS requirements generally apply to CCIVs in the same way as they apply to managed investment schemes. Schedule 2 ensures that the simple PDS regime established by Part 7.9 of the Corporations Regulations is available to CCIVs in equivalent circumstances as for managed investment schemes.

Prescribing these matters in regulations is necessary to maintain consistency with the existing simple PDS framework, which is implemented under Part 7.9 of the Corporations Regulations. It also ensures that all similar requirements and obligations are co-located at a single place in the legislation.

### **Item 1 – New definition for simple sub-fund products**

Item 1 inserts a new definition of a simple sub-fund product into the Corporations Regulations. This product is analogous to interests offered in relation to simple managed investment schemes.

A simple sub-fund product is a security in a retail CCIV, referable to a sub-fund of a CCIV, where at least 80 per cent of the assets of that sub-fund are liquid assets, meaning their full value is immediately accessible or can be realised within 10 days.

A security referable to a sub-fund registered as a passport fund is excluded from the definition of a simple sub-fund product. This is consistent with the existing definition of a simple managed investment scheme product, which excludes an interest in a managed investment scheme that is registered as an Australian passport fund.

### **Items 2 to 19 – New Subdivision 4.2D – Requirements for PDS in relation to simple sub-fund products**

Item 19 modifies section 1013C of the Corporations Act (by inserting a new Part 5D into Schedule 10A of the Corporations Regulations) to set out the PDS requirements for a simple sub-fund product, consistent with the approach for establishing these requirements for simple managed investment schemes. It ensures that the PDS for a simple sub-fund product to which new Subdivision 4.2D applies must include the required statements and information and relate to only one sub-fund of the CCIV.

In addition, it ensures that, if a PDS for a simple sub-fund product applies, adopts or incorporates a matter (including because it is required by law to do so), the responsible person for the PDS must provide for that matter and make it available as necessary.

Item 10 inserts new Subdivision 4.2D into Division 4 of Part 7.9 of the Corporations Regulations which sets out the requirements for the preparation and provision of a PDS for a simple sub-fund product. In particular, under new regulations 7.9.11ZE and 7.9.11ZF, it provides for:

- streamlined form and content requirements as set out in new Schedule 10F;
- the incorporation of certain information and access to this information for persons relying on the PDS; and
- the inclusion of certain statements about the matters that have been incorporated into the PDS.

New Subdivision 4.2D does not apply to certain simple sub-fund products – such that the streamlined form and content requirements are not available for these products. In particular, under new regulation 7.9.11ZA, Subdivision 4.2D does not apply to simple sub-fund products that:

- are, or are intended to be, traded on a prescribed financial market (known as ‘quoted products’);
- form part of a stapled security (where its terms require it to be traded and transferred together with at least one other interest); or
- provide members, under the CCIV’s constitution, the capacity to direct all or part of the money corresponding to the amount of their investment in the relevant sub-fund to be invested into accessible investments, with any distributions to those members determined by reference to amounts received by the CCIV in relation to those accessible investments.

Item 2 amends existing regulation 7.7.08A to provide that the requirements for a combined Financial Services Guide and PDS do not apply to a PDS for a simple sub-fund product. This amendment, together with new regulation 7.9.11ZB, ensures that a PDS for a simple sub-fund product could not be combined with a Financial Services Guide in a single document under section 942DA of the Corporations Act.

Similarly, new regulation 7.9.11ZC ensures that supplementary PDSs are not issued for simple sub-fund products. This is consistent with a PDS for a simple managed investment scheme. Under new regulation 7.9.11ZG, the responsible person for the PDS must retain a copy of the PDS for seven years starting from the date on which the version was prepared. However, the modifications to existing regulations 7.9.15DB and 7.9.15DC made by items 14 and 16 ensure it does not need to be lodged with ASIC.

If a person requests a copy of a PDS for a simple sub-fund product, under new regulation 7.9.11H, it must be provided free of charge within 8 business days, along with a copy of any matter that is applied, adopted or incorporated by the PDS.

Items 3 to 9, 11, 13 and 15 make consequential amendments to update references and headings in Chapter 7 of the Corporations Regulations to reflect the insertion of new Subdivision 4.2D for simple sub-fund products.

Item 12 makes a consequential amendment to existing regulation 7.9.15DA to ensure that, similar to a PDS for a simple managed investment scheme, certain other exceptions for the content requirements for other PDS documents are not available.

Item 18 ensures that the content requirements about fees and costs set out in existing Subdivision 4C.2 do not apply to the PDS for a simple sub-fund product to which new Subdivision 4.2D applies.

#### Item 20 – New Schedule 10F – Form and content of PDS for simple sub-fund product

Item 20 inserts new Schedule 10F to the Corporations Regulations to prescribe the form and content requirements for a simple sub-fund product PDS. Existing Schedule 10E prescribes the form and content requirements for a simple managed investment scheme PDS. New Schedule 10F replicates these requirements, adapted to the features of a CCIV. Clause 1 of Schedule 10F prescribes formatting requirements with which a PDS issued in accordance with Schedule 10F must comply.

Clause 2 of Schedule 10F sets out the required format of headings and the table of contents in a PDS which relates to a simple sub-fund product.

Clause 3 of Schedule 10F prescribes what information must be provided about the corporate director of the CCIV. This includes a summary of the corporate director's role in operating the CCIV and a summary of the investment manager for the sub-fund, if the investment manager is different from the corporate director.

Clause 4 of Schedule 10F requires a PDS to summarise how a CCIV, and the relevant sub-fund, work. This includes setting out in the PDS:

- a summary of the rights and interests that members of the sub-funds of the CCIV acquire by investing in the simple sub-fund product;
- if applicable, the minimum investment amount for the simple sub-fund product;
- information about the structure of the CCIV and the sub-fund;
- a general statement that the value of securities will vary as the market value of the assets of the sub-fund rise or fall;
- information about how members of the sub-fund can increase or decrease their investment by acquiring or disposing of securities;
- a general statement that in some circumstances, such as when there is a freeze on redemptions, members of the sub-fund may not be able to redeem shares or dispose of securities within the usual period upon request; and
- a description of the frequency of distributions and explanation of how distributions are calculated.

Clauses 5 and 6 of Schedule 10F require a PDS to summarise the potential benefits and risks of investing in the simple sub-fund product. When summarising the potential risks of the simple sub-fund product, the PDS must describe the significant risks of the particular simple sub-fund product.

Clause 7 of Schedule 10F requires a PDS to describe, in the form of a summary under section 5 of the PDS, the investment options offered by the CCIV, and how the simple sub-fund product compares to other investment options offered by the CCIV.

If a simple sub-fund product has not previously been offered to investors, and the CCIV does not offer a balanced investment option, section 5 of the PDS must include

information about the investment option which the corporate director reasonably believes is the least volatile investment option.

If the CCIV offering the simple sub-fund product has a balanced investment option, certain information about this option must be given in section 5 of the PDS.

If the CCIV offering the simple sub-fund product does not have a balanced investment option, certain information about the investment option under which the CCIV has the most funds invested must be given in section 5 of the PDS (whether or not section 5 gives that information for any other investment option).

In all of the circumstances outlined above, section 5 must include:

- a description of the relevant investment option;
- a list of assets in which the option invests;
- a description of the return objective of the option;
- the minimum suggested time frame for holding the investment; and
- a description of the risk level of the option.

Clause 8 of Schedule 10F sets out what information must be provided in a PDS about the fees and costs associated with the simple sub-fund product. In addition to information about fees and costs, this clause requires the PDS to set out the Consumer Advisory Warning in clause 221 of Schedule 10 to the Corporations Regulations.

Clause 9 of Schedule 10F requires a PDS to summarise how sub-funds of a CCIV are taxed.

Clause 10 of Schedule 10F requires a PDS to include information outlining how to apply to invest in the simple sub-fund product, how to make a complaint about the product, and how the cooling-off period applies to the product.

## **Schedule 3 – Other amendments**

### ***Amendments to the Corporations Regulations 2001***

Schedule 3 amends the Corporations Regulations to ensure that existing requirements for the provision of financial services, including in relation to Australian financial services licences (ASFLs) and PDSs, apply appropriately in relation to CCIVs. In most cases this has been achieved by simply adding a reference to the relevant product or party in respect of a given provision. In other cases, existing provisions have been amended to ensure they apply effectively to a CCIV, for example by inserting new paragraphs setting out information in respect of a CCIV equivalent to what is currently provided for other entities.

Securities in a CCIV are referable to one and only one sub-fund. Accordingly, the information contained in a PDS for a CCIV financial product would generally relate to the sub-fund to which those securities are referable. However, the PDS would also be required to contain information about the CCIV as a whole where that information is relevant to understanding the financial product.

The amendments in Schedule 3 generally ensure a CCIV is subject to the same requirements as currently apply to a managed investment scheme. This is consistent with the modifications to Chapter 7 in the Corporations Act to CCIVs. Nothing in Schedule 3 is intended to alter the scope or content of the existing regulatory regime for the provision of financial services.

### **Items 1 to 19 – amendments to Chapter 7 of the Corporations Regulations**

Items 1 and 2 amend subregulation 7.5A.60(1) and regulation 7.5A.70 to extend the existing definition of ‘representative capacity’ to the corporate director of a CCIV for the purposes of Subdivisions 2.1A and 2.1B of Part 7.5A. Item 3 amends regulation 7.5A.73 to extend the existing definition of ‘relevant capacity’ to an entity that is a CCIV. These items ensure that the existing requirements imposed by Part 7.5A would apply to a CCIV in the same way as they currently apply to other entities.

Item 4 amends regulation 7.6.02AG to ensure that an existing exemption under section 911A of the Corporations Act operates as intended in relation to a CCIV. The exemption enables a person who is not resident in Australia to provide a financial service without holding an ASFL in certain circumstances. However, regulation 7.6.02AG provides that the exemption does not apply if the service is provided to the responsible entity of a registered scheme. The amendment to regulation 7.6.02AG will ensure that the exemption also does not apply if the service is provided to the corporate director of a CCIV.

Item 5 amends subregulation 7.6.04(1A) so that it applies to the corporate director of a CCIV in the same way as it applies to the responsible entity of a registered scheme. The effect of this amendment is that a corporate director of a CCIV who also holds a registrable superannuation entity licence remains subject to paragraph 7.6.04(1)(a) and must notify ASIC of a material adverse change in its financial position.

Items 6 and 7 amends existing regulation 7.7.09A(2) to ensure that the existing method for calculating the investment threshold for a financial product, as outlined in subregulations 7.7.09A(3) and (4), applies to securities in a CCIV. Under paragraph 946AA(1)(a) of the Corporations Act, if the value of a financial

investment to which financial advice relates is below the threshold, a statement of advice does not have to be provided. The regulations provide that the investment threshold in relation to a CCIV must be calculated to include the total value of all financial investments that would be committed to, or disposed of, by the client if the relevant advice were accepted by the client.

Items 8, 10 and 12 amend existing headings and references to reflect changes made by other items and for clarity and consistency.

Items 9, 11 and 13 amend Division 4C of Part 7.9 of the Corporations Regulations to ensure that existing requirements for disclosing fees in a PDS apply appropriately to CCIVs.

- Item 9 amends regulation 7.9.16J to add a security in a CCIV to the list of financial products to which the fee disclosure requirements in Division 4C apply.
- Item 11 amends regulation 7.9.16K to provide that Division 4C applies to both periodic statements (including exit statements) and PDSs in relation to a security in a CCIV from the commencement of the CCIV Act on 1 July 2022. A PDS is provided when a financial product is first acquired, while periodic statements are provided at regular intervals according to the specified reporting period (generally one year). An exit statement is provided at the time a financial product ceases to be held.
- Item 13 amends subregulation 7.9.16L(2) to extend an existing exemption for simple managed investment scheme PDSs to simple CCIV PDSs (the simple PDS regime is discussed in Schedule 2).

Item 14 amends subregulation 7.9.60B(6) to extend its application to a security in a CCIV. This ensures that the only fees and costs that need to be itemised in a periodic statement for a security in a CCIV are those shown in the fees and costs template for a PDS in Part 2 of Schedule 10, as is currently the case for a managed investment scheme product.

Items 15 to 19 amend Division 7 of Part 7.9 of the Corporations Regulations to ensure that existing requirements in relation to cooling-off periods apply appropriately and in a manner analogous to a managed investment scheme. Division 5 of Part 7.9 of the Corporations Act provides for a cooling-off period – that is, a statutory right to return a financial product – in certain circumstances, subject to any further specifications, requirements or restrictions prescribed by regulations.

- Regulation 7.9.64 sets out circumstances in which a cooling-off period does not apply to the specified financial product. Items 15 and 16 insert new paragraphs 7.9.64(1)(e) and 7.9.64(1)(ha) to provide that a cooling-off period does not apply to a security in a retail CCIV:
  - if, at the time it is issued, the sub-fund to which the security is referable is liquid as a result of the operation of section 1230H of the Corporations Act (as amended by the CCIV Act); or
  - if, at the time it is issued, the security is able to be traded as a result of the operation of subsection 1016D(1) of the Corporations Act.

- Regulation 7.9.67 sets out the amounts to be repaid if a financial product is returned during a cooling-off period. Item 17 inserts new subparagraphs 7.9.67(2)(a)(iib) and 7.9.67(3)(a)(iib) to ensure that the existing requirements for an interest in a managed investment scheme also apply to a security in a retail CCIV.
- Regulation 7.9.69 provides that a contract or legal relationship governing the issue and redemption of specified financial products is taken to include a provision that provides for a right to return the product, consistent with Division 5 of Part 7.9 of the Corporations Act. Item 18 inserts new paragraph 7.9.69(1)(d) to ensure that this applies where the financial product is a security in a retail CCIV.
- Regulation 7.9.70 modifies the application of subsection 1019B(5) of the Corporations Act to clarify that the right to return a financial product is not extinguished simply because a distribution has been made in relation to that product. Item 19 inserts new paragraph 7.9.70(1)(d) to ensure that this applies where the financial product is a security in a retail CCIV.

#### Transitional arrangements for licensed financial service providers

An AFSL that authorises the holder to advise on or deal in securities will automatically include securities in a CCIV upon commencement of the CCIV regime on 1 July 2022.

AFSL holders authorised in relation to managed investment schemes but not securities will be offered the opportunity to opt in to an ASIC-initiated licence variation, provided that ASIC does not have any significant compliance concerns with the AFSL holder. If the licence holder agrees, ASIC will use its existing powers under the Corporations Act to vary the AFSL so that it also authorises advising on and dealing in securities in a CCIV. The authorisation will not extend to any other securities. This transitional arrangement will be available only for existing AFSL holders authorised in respect of managed investment schemes prior to commencement of the CCIV regime on 1 July 2022.

#### Items 20 to 41 – amendments to Part 1 of Schedule 10 to the Corporations Regulations

Items 20 to 31 make amendments to Part 1 of Schedule 10 to ensure that existing definitions appropriately capture fees and costs in relation to a CCIV.

- Items 20 and 21 amend clause 101 to add a definition in respect of a CCIV to the existing definition of ‘buy-sell spread’.
- Item 22 amend clause 101 to extend the definition of ‘collective investment product’ to include a security in a retail CCIV.
- Items 23 and 24 amend clause 101 to extend the definition of ‘exit fee’ to include an amount paid or payable on the disposal of a security in a retail CCIV.
- Item 25 repeals and substitutes the definition of ‘special request fees’ in clause 101 so that it includes fees paid or deducted from a product holder’s collective investment product for a request made to a retail CCIV in respect of a sub-fund of that CCIV.

- Item 26 repeals and substitutes paragraphs (a) and (b) of the definition of ‘withdrawal fee’ in clause 101 so that it includes fees for disposal of a security in a retail CCIV.
- Items 27 and 28 amend paragraph 102(1)(a) to extend the definition of ‘management costs’ to amounts payable for administering a sub-fund of a CCIV. It is expected that costs for managing a retail CCIV as a whole will be apportioned between its sub-funds and form part of these management costs.
- Item 29 repeals and substitutes paragraph 102(1)(d) so that the definition of ‘management costs’ includes other expenses and reimbursements in relation to a sub-fund of a retail CCIV.
- Item 30 repeals and substitutes paragraph 102(1)(e) so that the definition of ‘management costs’ includes amounts paid or payable for investing in the assets of a sub-fund of a retail CCIV.
- Item 31 amends subclause 104(1A) to ensure that an indirect cost ratio can be provided for an investment option which consists of a security in a retail CCIV, in a manner analogous to a managed investment scheme. Investment options in a CCIV are the options of investing in different sub-funds of the CCIV.

Item 32 amends clauses 202 and 202A to ensure that existing fee structure templates used for managed investment schemes can also be used for retail CCIVs.

Item 33 amends paragraph 205(1)(b) so that the existing requirement to set out fee information separately for each investment option applies to a retail CCIV.

Item 34 amends clause 206 so that the existing requirements for presenting fee payment options apply to a retail CCIV.

Items 35 and 36 amend clause 212 so that the example provided of annual fees and costs for a balanced investment option reflects a retail CCIV in the same way as a managed investment scheme.

Item 37 amends clause 215 so that the existing minimum entry balance rule applies to a retail CCIV.

Item 38 amends subclauses 218A(1), (2) and (3) so that the example provided of management costs for a collective investment product reflects a retail CCIV in the same way as a managed investment scheme.

Item 40 amends clause 220 so that a retail CCIV that does not offer a balanced investment option is required to provide the same information in a PDS as a managed investment scheme that does not offer a balanced investment option.

Item 41 amends paragraph 301(2)(b) so that the existing requirement for presenting indirect costs in a PDS applies to a retail CCIV.

#### Items 42 to 43 – amendments to Schedule 10BA to the Corporations Regulations

Items 42 and 43 amend item 3.1 so that the existing prohibition on providing a short-form PDS in relation to an Australian passport fund applies appropriately where the passport fund is the sub-fund of a retail CCIV. These technical amendments support the operation of the short-form PDS regime inserted by Chapter 5D of Schedule 10.

These technical amendments support the operation of new Chapter 5D of Schedule 10, which amends subsection 1017H(4) of the Corporations Act in relation to simple sub-fund products. These technical amendments ensure that the PDS obligations placed on a corporate director are analogous to those placed on the responsible entity of a managed investment scheme.

### ***Amendments to the Personal Property Securities Regulations 2010***

#### **Items 44, 46, 48, 52 and 55 – registering security interests on the Personal Property Securities (PPS) Register**

Items 44, 46, 48, 52 amend the Personal Property Security Regulations (PPS Regulations) to allow security interests to be registered on the PPS Register where the grantor or secured party is a CCIV.

Item 44 amends regulation 1.6 to insert definitions of ‘ARFN’ and ‘CCIV’, and item 46 inserts a definition for ‘sub-fund’. Each definition refers to the corresponding definition in the Corporations Act.

Item 48 amends clause 1.3 to Schedule 1 to insert item 2.5. Part 1 to Schedule 1 contains the matters prescribed for items of the table in subsection 153(1); that is, it contains the rules to correctly identify either the secured party or grantor in a financing statement registered on the register, as well as the source of those relevant identifiers. Clause 1.3 prescribes the details required to be registered for corporate entities.

New table item 2.5 will provide that where a CCIV is a secured party or grantor with respect to a particular sub-fund, the financing statement is to include the ARFN of the particular sub-fund.

A CCIV may have multiple sub-funds. The assets and liabilities of a CCIV are strictly segregated and allocated on a sub-fund by sub-fund basis. Therefore, the CCIV could only be a secured party or grantor in respect of a particular sub-fund.

Where a CCIV grants security interests in multiple sub-funds, a registration must be made with respect to each of those sub-funds using the sub-fund’s ARFN.

For example, a CCIV has three sub-funds. The CCIV grants an interest in the assets of Sub-Fund A to a bank in exchange for finance. The bank registers their security interest in the assets of the sub-fund on the PPS Register and identifies the grantor by the ARFN of Sub-Fund A. The CCIV then grants an interest in the assets of Sub-Fund B to the same bank. To perfect their interest in the assets of Sub-Fund B, the bank must register a separate security interest against the ARFN of Sub-Fund B. If the CCIV grants an interest in the assets of Sub-Fund C to the bank, the bank will be required to register a separate security interest against the ARFN of Sub-Fund C. This reflects the strict allocation of assets and liabilities on a sub-fund by sub-fund basis.

A registration that identifies the ACN of a CCIV as the grantor would be defective in accordance with paragraph 165(b) of the PPS Act.

Item 55 amends clause 2.2 of Schedule 2 to insert new table item 2.5. Schedule 2 is made pursuant to section 154 of the PPS Act and provides the rules regarding how to

identify persons in respect of property prescribed by the regulations as well as the source of those relevant identifiers.

These clauses mirror the corresponding clauses in Schedule 1 regarding secured party and grantor identifiers that are required for financing statements in relation to security interests. This is to achieve consistency between the recording of a person's identifier for both security interest and non-security interest registrations. Item 55 mirrors item 48.

Items 45, 47, 49-51, 53-54 and 56 – minor and technical amendments

Item 45 repeals the definition of 'National Names Index'. The National Names Index is repealed from the definition because it is an obsolete reference. It is replaced by 'A business register kept by ASIC'.

Items 47, 48-51, 53-54 and 56 repeal and replace obsolete references to the 'National Names Index' throughout the PPS Regulations with 'A business register kept by ASIC'.

As 'A business register kept by ASIC' is not in itself a document (electronic or otherwise), but rather a digital service, the reference does not need to be restricted to what is available as at the day these Regulations commence (so the rules on 'incorporation by reference' in section 14 of the *Legislation Act 2003* do not apply).

**Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

**Corporations and Other Legislation Amendment (Corporate Collective Investment Vehicle Framework) Regulations 2022**

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

**Overview of the Legislative Instrument**

This Legislative Instrument, the *Corporations and Other Legislation Amendment (Corporate Collective Investment Vehicle Framework) Regulations 2022*, makes amendments to the following:

- the *Corporations Regulations 2001* (Corporations Regulations);
- the *Australian Securities and Investments Commission Regulations 2001* (ASIC Regulations); and
- the *Personal Property Securities Regulations 2010* (PPS Regulations).

The Instrument supports the operation of the Corporate Collective Investment Vehicle (CCIV) regime. The CCIV regime aims to increase the competitiveness of Australia's managed funds industry internationally by attracting more offshore investment. The CCIV regime utilises a company structure limited by shares which is more recognisable to offshore investors and fund managers.

The structure of Schedules 1 to 3 of the Legislative Instrument is set out below.

*Main amendments*

Schedule 1 of the Legislative Instrument amends the ASIC Regulations and the Corporations Regulations.

The amendments to the ASIC Regulations ensure that that the Australian Securities and Investments Commission's use of its power to request information about the compliance plan of a retail CCIV is subject to the same annual reporting requirements as its use of the equivalent power in a managed investment scheme.

The amendments to the Corporations Regulations insert Chapter 8B into the Corporations Regulations, which prescribes certain matters in relation to Chapter 8B inserted into the Corporations Act by the *Corporate Collective Investment Vehicle Framework and Other Measures Act 2022* (CCIV Act).

Division 1 of Part 8B.4 sets out the prohibition on circular cross-investment between sub-funds of a CCIV and prescribes requirements and restrictions on membership rights in the event of cross-investment between sub-funds of a CCIV. Division 4 of

Part 8B.4 sets out the financial record-keeping and reporting requirements in relation to cross-investment between sub-funds of a CCIV.

Part 8B.5 sets out the minimum standards and other requirements for the custody of a CCIV's assets.

The Legislative Instrument also makes other consequential amendments to the Corporations Regulations setting out financial record-keeping and reporting requirements for CCIVs.

The financial information collected under these amendments does not include personal information. As such, the Legislative Instrument does not engage with the right against arbitrary or unlawful interference with privacy.

#### *Simple sub-fund products*

Schedule 2 of the Legislative Instrument amends the Corporations Regulations to ensure that existing Product Disclosure Statement (PDS) requirements generally apply to CCIVs in the same way as they apply to managed investment schemes. In particular, the amendments ensure that the simple PDS regime under Part 7.9 of the Corporations Regulations is available for CCIVs in equivalent circumstances as for managed investment schemes.

#### *Other amendments*

Schedule 3 of the Legislative Instrument makes other amendments to the Corporations Regulations and the PPS Regulations.

The amendments to the Corporations Regulations amend Chapter 7 of the Corporations Regulations for the regulation of financial services for CCIVs.

Minor amendments to the PPS Regulations ensure that appropriate details about a security interest are recorded on the PPS Register, where the secured party or grantor is a CCIV.

### **Human Rights Implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms. (Details of the rights or freedoms engaged by the CCIV regime in the CCIV Act are outlined in the statement attached to the Explanatory Memorandum for the CCIV Act.)

### **Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.