

ASIC CLASS ORDER [CO 13/779]

EXPLANATORY STATEMENT

Prepared by the Australian Securities and Investments Commission

Corporations Act 2001

The Australian Securities and Investments Commission (**ASIC**) makes ASIC Class Order [CO 13/779] under paragraphs 601QA(1)(a) and 911A(2)(l) of the *Corporations Act 2001* (the **Act**).

Paragraph 601QA(1)(a) of the Act provides that ASIC may exempt a class of persons from the provisions of Chapter 5C of the Act.

Paragraph 911A(2)(l) of the Act provides that ASIC may exempt a class of persons from the requirement to hold an Australian financial services licence (**AFS licence**).

1. Background

ASIC Class Order [CO 08/1] *Group purchasing bodies*, the principal class order, gives conditional relief from the AFS licensing regime and Chapter 5C of the Act for some group purchasing bodies (**GPBs**) who arrange or hold risk management products (**insurance**) for the benefit of third parties. GPBs include sporting and other not-for-profit organisations which arrange insurance for third parties (e.g. players or volunteers).

ASIC Class Order [CO 08/1] provides conditional relief to a limited class of GPBs that organise insurance on a non-commercial basis. The transitional period for compliance with the breach reporting conditions in [CO 08/1] was scheduled to end on 30 June 2013.

2. Purpose of the class order

ASIC Class Order [CO 13/779], an amending class order, extends the transitional period for compliance with the breach reporting conditions in [CO 08/1] by another 12 months while the Government considers the issue. That is, until the first time that the body acquires, renews or renegotiates the terms of, the risk management product on or after 30 June 2014 but before 30 June 2015. This extension will enable the Government to consider how the issues raised by GPBs can be addressed by amendments to the *Corporations Regulations 2001*, and to consult with stakeholders in the development of the regulations.

3. Operation of the class order

Paragraph 4 of the amending class order amends [CO 08/1] by substituting '30 June 2014' in place of '30 June 2013' and substituting '30 June 2015' in place of '30 June 2014' in subparagraphs 10(f)(i) and (ii), respectively. This means that on or after 30 June 2014, GPBs relying on relief under [CO 08/1] will need to report any breaches of the conditions of [CO 08/1] to ASIC under subparagraph 10(f) but by no later than 30 June 2015.

4. Consultation

ASIC did not undertake consultation with respect to [CO 13/779] as it is a transitional measure of a minor and machinery nature, and was required as a matter of urgency to extend the transitional period in [CO 08/1].

Statement of Compatibility with Human Rights

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

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This class order 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 class order

This class order amends ASIC Class Order [CO 8/1] (the ***principal class order***). The principal class order gives conditional relief from the Australian financial services licensing regime and Chapter 5C of the *Corporations Act 2001* to a limited class of group purchasing bodies (***GPBs***) that organise insurance on a non-commercial basis for the benefit of third parties. GPBs include sporting and other not-for-profit organisations.

The transitional period for compliance with the breach reporting conditions in the principal class order was scheduled to end on 30 June 2013. This class order extends that transitional period by another 12 months while the Government considers the issue.

Human rights implications

This class order does not engage any of the applicable rights or freedoms.

Conclusion

This class order is compatible with human rights as it does not raise any human rights issues.