Explanatory Statement

ASIC Corporations (Related Scheme Reports) Instrument 2025/438

This is the Explanatory Statement for *ASIC Corporations (Related Scheme Reports) Instrument 2025/438*.

The Explanatory Statement is approved by the Australian Securities and Investments Commission (***ASIC***).

Summary

1. *ASIC Corporations (Related Scheme Reports) Instrument 2025/438* (the ***Instrument***) enables financial statements for related registered schemes to be presented in a single financial report.

Purpose of the instrument

2. Subsections 295(2) and 303(2) of the *Corporations Act 2001* (***Corporations Act***) only allow annual and half-year financial reports to include those financial statements specified by the accounting standards. An entity's financial report is not permitted to include the financial statements of another entity.

3. When an entity is a responsible entity for a number of registered schemes, there is a significant duplication of effort to produce individual financial reports for each registered scheme in separate documents.

4. The Instrument allows responsible entities to include the financial statements of related registered schemes that have a common responsible entity (or related responsible entities) in adjacent columns in a single financial report. The relief applies to annual financial reports, concise financial reports and half-year financial reports.

5. Relief to allow related scheme reports was first provided by ASIC through ASIC Class Order [CO 06/44]. This relief was continued on substantially the same terms in *ASIC Corporations (Related Scheme Reports) Instrument 2015/839*, which sunsets on 1 October 2025.

Consultation

6. ASIC consulted publicly on our proposal to remake the relief through CS 24 *Proposed remake of financial reporting-related legislative instruments*. We received one submission which supported remaking the relief.

7. The submission suggested extending the relief to sustainability reports, as well as financial reports. This issue has previously been raised with ASIC in response to our consultation in Consultation Paper 380: *Sustainability reporting*, published in November 2024. At that time, we decided not to extend the relief. Instead, ASIC will consider application for related scheme relief for sustainability reports on a case-by-case basis.

Operation of the instrument

8. Section 4 provides a simplified outline for the instrument. Its purpose is to assist readers in understanding the substantive provisions. However, the outline is not intended to be comprehensive, and readers should rely on the substantive provisions when considering the instrument's effect.

9. Subsection 6(1) states that a registered scheme and its directors can include the financial statements, notes to the financial statements and the directors' declaration of a related registered scheme (an ***included scheme***) in the financial report of the registered scheme. Similarly, the directors' report of a registered scheme can include the directors' reports of an included scheme.

10. Registered schemes are related if they have the same responsible entity or the responsible entities are wholly beneficially owned by the same entity.

11. Subsection 6(2) sets out the circumstances in which the relief applies. The relief applies where the financial report of each included scheme is a financial report for:

    a. the same financial year or the same half-year, or

    b. a financial year or half-year ending no more than 6 months before or after the end of the financial year or half-year of the registered scheme taking relief.

12. The schemes must be audited by the same audit company, audit firm or individual auditor.

13. The financial statements of the registered scheme and each included scheme must be presented in adjacent columns in the financial report. Each column must specify the period covered by the financial statements. In a concise report, the consolidated financial statements must be presented but the single entity financial statements for the registered scheme and included schemes need not be presented.

14. If an included scheme does not have the same responsible entity as the registered scheme the financial statements must include a prominent statement that only the responsible entity of a scheme takes responsibility for the financial report of that scheme. There must also be a separate directors' declaration and directors' report from each responsible entity covering the schemes the responsible entity operates.

15. If a directors' declaration or directors' report covers more than one registered scheme each declaration or information in the directors' report is presented in a way that enables each scheme to which it applies to be readily identified.

16. The financial report for a registered scheme must include statements about:

    a. any facilities in place for the proceeds of withdrawal from the registered scheme to be invested in an included scheme

    b. whether further interests in the scheme may be issued, and

    c. if further interests may be issued—whether proceeds of a withdrawal from an included scheme can be applied to acquire an interest in the registered scheme.

Legislative instrument and primary legislation

17. The subject matter and policy implemented by the Instrument is more appropriate for a legislative instrument than primary legislation because it provides relief where strict compliance with the primary legislation produces anomalous outcomes that would be inconsistent with the intent of the primary law.

18. If the matters in the Instrument were to be inserted into the primary legislation, they would insert, into an already complex statutory framework, a set of specific provisions that would apply only to a relatively small group of entities. This would result in additional cost and unnecessary complexity for other users of the primary legislation.

19. It will be a matter for the Government and for Parliament to consider whether the primary legislation may need to be amended in the future to include the substance of the relief in the Instrument in legislation.

Duration of the instrument

20. The duration of the Instrument is 5 years.

Legislative authority

21. The Instrument is made under subsection 341(1) of the Corporations Act.

22. The Instrument is a disallowable legislative instrument.

Statement of Compatibility with Human Rights

23. The Explanatory Statement for a disallowable legislative instrument must contain a Statement of Compatibility with Human Rights under subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011.* A Statement of Compatibility with Human Rights is in the Attachment.

Attachment

Statement of Compatibility with Human Rights

This Statement of Compatibility with Human Rights is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

ASIC Corporations (Related Scheme Reports) Instrument 2025/438

Overview

1. *ASIC Corporations (Related Scheme Reports) Instrument 2025/438* allows the inclusion of the directors' reports and the presentation of the financial statements of related registered schemes in a single financial report.

Assessment of human rights implications

2. This instrument does not engage any of the applicable rights or freedoms.

Conclusion

3. This 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*.