



16 May 2018

MEDIA RELEASE: FSC and AIST team up to help fund managers tackle new operational due diligence

The Financial Services Council (FSC) and the Australian Institute of Superannuation Trustees (AIST) have today released further guidance tools to help fund managers prepare their operational due diligence (ODD) reports for the superannuation industry.

Both industry bodies are promoting a collective and cost-effective ODD framework to help super funds meet their regulatory obligations to closely monitor and assess the management of operational risk controls by investment fund managers.

The FSC has released a [questionnaire](#) designed to allow fund managers to respond more easily to super funds' routine due diligence requests, which are carried out before investment managers' services are enlisted. This standardised template covers the provision of information to third parties, be they external ODD assessors or superannuation fund clients conducting their own due diligence.

Together with the AIST, a [frequently asked questions \(FAQ\) document](#) has also been released to help fund managers understand what information they are expected to provide to super funds and to answer questions about how this will be included in the super funds' due diligence reports.

The questionnaire and the FAQ follow the publication by AIST of an [Operational Due Diligence Guidance Note](#) on its website.

FSC CEO Sally Loane said: "The conducting of operational due diligence is labour intensive for both super funds and fund managers alike and the process is not helped by different organisations asking for similar information to be provided in different formats.

"I am pleased we have been able to collaborate with the AIST to simplify the process, prevent repetition of work and generate cost and time efficiencies for both of our members, the benefit of which will flow through to consumers."

AIST CEO Eva Scheerlinck noted that benefits of seeking an industry-wide approach to APRA's increased focus on operational due diligence of service providers.

“The collective approach to ODD will save the industry – and ultimately super fund members - millions of dollars and lead to better quality outcomes,” Ms Eva Scheerlinck said.

Acknowledging the ODD initiatives by both AIST and the FSC in its latest Insight publication, the Australian Prudential Regulation Authority said ODD was fundamental to managing investment risk in superannuation.

“Ongoing efforts by industry bodies and regulators to engage with stakeholders on ODD requirements are now being reflected in greater recognition of the benefits of undertaking ODD, beyond it being seen as largely a compliance exercise. There is now a greater level of constructive dialogue around ‘how’ to best roll-out ODD, rather than ‘why’ it is needed,” APRA noted.

ENDS

For further information please contact either:

FSC Media Manager Mark Smith on 0434 566 764 or msmith@fsc.org.au.

AIST Media Manager, Janet de Silva on 0448 000 499 or jdesilva@aist.asn.au

About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

About the Australian Institute of Superannuation Trustees

AIST is the peak body for the \$1.2 trillion profit-to-member superannuation sector which includes industry, corporate and public-sector funds.