FSC Guidance Note No. 57

Private Markets Best Practice Guidance

19 August 2026

FINANCIAL SERVICES COUNCIL

FSC Guidance Note No. 57

Private Markets Best Practice Guidance

Date of this version:	19 August 2026 There are no previous versions.
Application of this Guidance Note:	This Guidance Note is relevant to Private Market Managers (being a responsible entity, trustee, investment manager or equivalent decision-making or controlling entity), where the entity has primary responsibility for investment decisions, risk management or governance oversight of the Fund.
Main Purpose of this Guidance Note:	The main purpose of this Guidance Note is to support implementation of *FSC Standard 30 Private Markets Best Practice Principles,* by providing context and examples to assist in approaches to implementation.
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1. Introduction

1.1 Citation

1.1 This Guidance Note may be cited as FSC Guidance Note No. 57: Private Markets Best Practice Guidance.

1.2 Background

Private markets play an important role in supporting capital formation, investment diversification and access to long-term capital. As private markets have continued to grow, ASIC has identified the need for stronger and more consistent industry practices to support investor confidence, market integrity and sustainable growth.

ASIC's recent work on private markets and private credit has highlighted concerns across a number of areas, including governance, valuation practices, liquidity management, leverage, credit risk management, conflicts of interest, fee and remuneration transparency, investor reporting and the consistency of terminology used across the sector.

The FSC has developed FSC Standard No. 30: Private Markets Best Practice Principles (FSC Standard 30) to support an industry-led uplift in private markets practices and to provide a clear framework for good practice across the sector.

This Guidance Note has been developed to assist Private Markets Managers in applying the Standard. It provides additional context and practical examples of approaches that may assist implementation, while recognising that private markets strategies, structures, investor bases and operating models differ across the industry.

1.3 Purpose

The purpose of this Guidance Note is to support implementation of FSC Standard 30.

This Guidance Note provides additional context, practical considerations and examples of implementation approaches that may assist Private Markets Managers to apply the principles in FSC Standard 30.

It is intended to support implementation that reflects the specific circumstances of a Private Markets Manager's private markets activities, including the nature, scale, complexity, investor base, structure, risk profile, role, level of control and information rights of the Private Markets Manager.

This Guidance Note does not create additional mandatory obligations. Private Markets Managers may adopt different approaches to those described in this Guidance Note where those approaches are consistent with the objectives of FSC Standard 30.

2. Definitions

Defined terms used in this Guidance Note have the same meaning as in FSC Standard 30.

This Guidance Note also includes additional defined terms to support practical implementation of FSC Standard 30. Some of these definitions are included as model definitions to support consistent terminology, investor understanding and comparability for key metrics and classifications. Model definitions are marked with an asterisk (*).

A Private Markets Manager may adopt different definitions where appropriate having regard to the nature of the Fund, underlying asset documentation, offshore or indirect structures, underlying manager reporting, investor base, information rights, applicable law or commercially negotiated investor arrangements.

Where a Private Markets Manager adopts a different definition for a key metric or classification marked with an asterisk (*), good practice involves applying the definition consistently in the relevant context and explaining the approach to investors where reasonably necessary to support investor understanding, including any material limitations on comparability.

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For the purposes of this Guidance Note:

*Arrears**

Means a failure by a borrower to make a contractual payment when due, including principal or interest obligations.

Board

Means the Board of Directors of the trustee, responsible entity, Private Markets Manager or other relevant governing body, as applicable

Conflicts Framework

Means the documented policies, procedures and governance arrangements for identifying, assessing, mitigating, and disclosing conflicts of interest.

Credit Committee (Private Credit)

Means a committee, forum or equivalent governance arrangement with responsibility for credit approval, monitoring, review, challenge, escalation or oversight in relation to Private Credit exposures.

A Credit Committee does not need to be a standalone committee where equivalent governance arrangements perform these functions.

*Default (Private Credit)**

For guidance purposes, may include a credit exposure where:

(a) the borrower is 90 days or more past due on a contractual payment obligation;

(b) a material covenant breach has occurred and has not been remedied within a reasonable cure period, where relevant;

(c) an insolvency, administration, receivership or similar event has occurred; or

(d) the Private Credit Manager considers the exposure unlikely to be repaid in full without enforcement or realisation of security.

External Valuation Input

Means valuation advice, a valuation report, valuation review, valuation assurance, benchmarking or other valuation-related input obtained from a person or firm outside the Private Markets Manager's internal valuation function.

External Valuation Input may include a full valuation, desktop valuation, limited-scope review, methodology review, reasonableness assessment or other form of valuation support.

External Valuation Input is not, of itself, Independent. Whether External Valuation Input is Independent should be assessed having regard to the definition of Independent and the nature of the relationship between the valuation provider and the Private Markets Manager, Fund, borrower, issuer, developer, sponsor, transaction counterparty or other relevant party.

FSC Full Member

Means a registered full member of the Financial Services Council

Fund

Means a managed investment scheme, trust, partnership, company or other collective investment structure.

Governance Committee

Means the Board, or a committee, forum or other governance body to which the Board has delegated authority or responsibility, that has primary responsibility for oversight, governance, review and/or decision-making in relation to a Private Markets Manager's activities, Funds or obligations under FSC Standard 30.

In multi-entity arrangements, including structures involving a responsible entity, trustee, investment manager or affiliated entity, the relevant Governance Committee is the Board, or the Board-delegated body, with primary responsibility for the matter under the applicable governance arrangements.

For the avoidance of doubt, a Governance Committee does not need to be a separately constituted committee established solely for the purposes of FSC Standard 30.

*Impairment**

Means the recognition or assessment of a reduction in the recoverable value of an asset, whether for statutory reporting, investor reporting, valuation, credit monitoring or internal risk management purposes, as applicable.

Independent

Means, in relation to a function, person or governance arrangement, able to exercise objective judgement and effective challenge, free from material undue influence or conflicts of interest that are not capable of being properly managed.

Independence may be achieved through a combination of structural, procedural or analytical mechanisms, including separation of responsibilities, governance oversight, independent inputs, third-party review or other controls, and does not require a specific organisational structure.

Indirect Investment Structure

Means a structure through which a Private Markets Manager obtains exposure to Private Market Assets through a feeder fund, fund-of-funds, secondaries, multi-manager, delegated investment mandate-based or similar arrangement where the Private Markets Manager otherwise does not exercise direct control over the underlying assets.

Leverage

Means borrowings, facilities or other structural debt arrangements.

Liquidity Framework

Means the documented policies, controls and governance arrangements used to manage cashflow, redemptions, withdrawals and liquidity risk.

Liquidity Management Tools

Means the mechanisms available under Fund documentation or operational arrangements to manage liquidity risk, cash flow requirements and investor activity, including but not limited to redemption gates, queues, suspensions, notice periods, redemption caps or limits, liquidity buffers, credit or leverage facilities, or similar arrangements.

*LVR**

Means loan-to-value ratio, being a measure of the amount of a credit exposure relative to the value of the relevant collateral, security or asset, calculated on the basis determined by the Private Credit Manager and disclosed or documented where used as a material risk metric.

Material

Means an exposure, event or matter that could reasonably be expected to influence investor decision-making.

Material Risk Event

Means an event or circumstance that could reasonably be expected to materially affect asset value, liquidity, leverage, credit quality or investor outcomes.

Private Credit

Means lending activities conducted through private market structures where debt instruments, loans, credit exposures or similar financing arrangements are not publicly traded.

For the avoidance of doubt, Private Credit may include privately negotiated lending, credit or financing exposures, including warehouse facilities and exposures to securitisation vehicles, where those exposures are not publicly traded or widely issued publicly.

Private Credit does not include ordinary lending activities conducted by an authorised deposit-taking institution in its capacity as a balance-sheet lender outside a Private Markets Fund.

Private Credit Fund

Means a Private Markets Fund that primarily invests in Private Credit.

Private Credit Manager

Means a Private Markets Manager whose Private Markets Fund is a Private Credit Fund.

References in this Guidance Note to Private Credit Managers are references to FSC Full Members meeting this definition.

Private Market Assets

Means investments in unlisted or privately negotiated assets and strategies, including private credit, private equity, infrastructure, real assets, private asset-backed or securitised exposures, and similar investments, that are not traded on a public market or are otherwise subject to limited public price discovery.

Private Markets Fund

Means a Fund domiciled in Australia that primarily invests in Private Market Assets.

For the avoidance of doubt, this definition includes closed-end, open-end and evergreen structures, co-investment structures, special purpose vehicles established in connection with a broader private markets strategy, funds-of-one, bespoke or single-investor vehicles, and mandate-based or segregated account arrangements where the Private Markets Manager exercises primary investment management, governance or risk management responsibility in respect of Private Market Assets.

Private Markets Governance Framework

Means the documented and operationally implemented governance structure governing private markets activities, including decision-making authority, committee structures, escalation pathways, reporting lines and oversight mechanisms.

Private Markets Manager

Means an FSC Full Member acting in the capacity of:

- Responsible entity;
- Trustee;
- Investment manager; or
- Any equivalent decision-making or controlling entity,

where that entity has primary responsibility for investment decisions, risk management or governance oversight of the Fund.

Note: A Private Markets Manager may be a responsible entity, trustee, investment manager or other equivalent entity. References to a Private Markets Manager should be read by reference to the capacity in which the FSC Full Member acts in relation to the relevant Private Markets Fund.

Redemption Rights

Means the contractual ability of an investor to redeem, withdraw or otherwise realise their interest in a Fund prior to termination of the Fund.

Refinancing Risk

Means the risk that borrowings or credit exposures cannot be refinanced on reasonable terms at or prior to maturity, potentially affecting asset values, liquidity or investor outcomes.

Related Party

Means a person or entity that is related to the Private Markets Manager or a Private Markets Fund within the meaning of applicable law or accounting standards, or otherwise capable of a controlling influence over investment, governance or commercial arrangements.

Valuation Framework

Means the documented policies, methodologies, governance arrangements and controls governing asset valuation.

*Watchlist (Private Credit)**

Means a formal classification of credit exposures identified as exhibiting elevated risk or early signs of deterioration requiring enhanced monitoring or escalation.

3. Using this Guidance Note

3.1 Practical application

3.1.1 This Guidance Note supports practical implementation of FSC Standard 30.

3.1.2 The Guidance Note provides additional context, practical considerations and examples of implementation approaches that may assist Private Markets Managers in applying the principles in FSC Standard 30.

3.1.3 The approaches described in this Guidance Note are not exhaustive and are not intended to be applied uniformly across all Private Markets Managers, Funds, strategies or structures. Private Markets Managers may adopt different approaches where these are appropriate to their role, level of control, information rights, investor base and the nature, scale, complexity and risk profile of their private markets activities.

3.1.4 Where responsibilities in relation to a Private Markets Fund are allocated between a trustee, responsible entity, investment manager, investment adviser or other service provider, this Guidance Note should be applied having regard to the functions the Private Markets Manager performs or controls, and its role, level of control and information rights.

3.1.5 Where relevant functions are performed by another person, including an investment manager that is not an FSC Full Member, practical implementation may involve appointment, due diligence, contractual arrangements, oversight, reporting and escalation arrangements.

3.1.6 Where a Private Markets Fund is offered solely to professional investors within the meaning of section 9 of the Corporations Act 2001 (Cth), this Guidance Note is not intended to prescribe how those Funds apply the principles in FSC Standard 30. Such Funds may meet the principles through their own governance, due diligence, monitoring and risk management frameworks, having regard to their investors' nature, sophistication, information requirements and agreed arrangements.

3.1.7 This Guidance Note may assist Private Markets Managers to consider:

(a) how FSC Standard 30 can be applied as relevant to the specific circumstances of a Private Markets Manager's activities;

(b) how implementation may differ across direct investment, indirect investment, multi-manager, fund-of-funds, feeder fund, mandate-based and offshore structures;

(c) how governance and oversight arrangements may support implementation where the Private Markets Manager does not directly control underlying assets; and

(d) how practical examples may inform internal frameworks, policies, procedures, reporting and investor disclosure.

3.1.8 In considering materiality, Private Markets Managers should have regard to both quantitative and qualitative factors, including the size, nature, risk profile and investor impact of the relevant matter.

3.1.9 For Indirect Investment Structures, implementation of FSC Standard 30 may be supported through manager selection, appointment, due diligence, monitoring, reporting and oversight arrangements. Evidence may include due diligence materials, manager monitoring reports, committee papers, dashboards, escalation records and records of material limitations in underlying data, rather than asset-level data packs, where asset-level information is not reasonably available.

3.1.10 For mixed or multi-asset Funds, an allocation to Private Market Assets may be more likely to be meaningful where it represents 10 per cent or more of the Fund's net asset value. This is a general guide only and is not a fixed threshold. A lower allocation may still be meaningful where it could affect liquidity, valuation, leverage, concentration, disclosure or investor outcomes.

3.2 Offshore frameworks and equivalent outcomes

3.2.1 In considering whether an offshore regulatory, governance or disclosure framework is relevant to the application of FSC Standard 30, Private Markets Managers may have regard to:

(a) the jurisdiction and regulatory status of the relevant Fund, underlying vehicle, manager or adviser;

(b) the governance, valuation, liquidity, leverage, conflicts, credit risk, disclosure and reporting requirements that apply under the offshore framework;

(c) the Fund structure, asset class, investor base and distribution arrangements;

(d) the Private Markets Manager's role, level of control and information rights; and

(e) whether the offshore framework supports outcomes that are broadly consistent with the relevant objectives of FSC Standard 30.

3.2.2 Offshore frameworks that may be relevant include regulated offshore fund, manager or disclosure regimes applying in comparable jurisdictions, including EU alternative investment fund frameworks, Luxembourg fund structures, US registered fund or private fund adviser frameworks, UK authorised fund or alternative investment manager frameworks, and other regulated offshore fund or manager regimes.

3.3 Date of Issue

3.3.1 This Guidance Note was approved on 19 August 2026 and first issued on 26 August 2026.

3.4 Effective date

3.4.1 This Guidance Note applies from 1 July 2027. Earlier application of the Guidance Note is permitted and highly encouraged.

4. Governance and Accountability

4.1 Private Markets Governance Framework

4.1.1 A documented Private Markets Governance Framework can assist Private Markets Managers to implement FSC Standard 30 by bringing together or mapping to the policies, frameworks and governance arrangements relevant to private markets activities.

4.1.2 A Private Markets Governance Framework does not need to be a standalone document where existing policies, frameworks, charters, procedures or governance materials collectively address the relevant matters.

4.1.3 The Private Markets Governance Framework may:

(a) clearly allocate decision-making authority across investment, valuation, liquidity, leverage, conflicts and, where applicable, credit risk functions;

(b) define escalation pathways for material risk events;

(c) establish committee structures and delegated authorities;

(d) identify reporting lines to senior management and/or the Board; and

(e) be subject to periodic review and update having regard to the size, scale, complexity and risk profile of the Private Markets Manager's activities and Funds.

4.1.4 The Private Markets Governance Framework should be approved by the Governance Committee, or another appropriate governance body under the Private Markets Manager's governance arrangements.

4.1.5 Good practice involves reviewing and updating the Private Markets Governance Framework at least every three years, and following any material change to the Private Markets Manager's activities, operating model, Fund structures or risk profile.

4.2 Governance Culture and Accountability

4.2.1 Good governance involves a culture that prioritises investor interests, prudent risk management and timely recognition of asset deterioration.

4.2.2 Governance arrangements are more effective where they are operationally embedded within investment, valuation, liquidity and credit practices, rather than existing only as documented policies or frameworks.

4.2.3 Remuneration, performance assessment and commercial incentives should be considered as part of governance oversight, particularly where they may influence investment, valuation, impairment, liquidity, leverage or credit risk decisions.

4.3 Governance Oversight

4.3.1 Effective governance oversight is supported by reporting that enables the Governance Committee or other relevant governance body to oversee private markets risks and investor outcomes.

4.3.2 Reporting should occur at a frequency appropriate to the nature, scale, complexity, structure, liquidity profile, investor base, information rights and underlying reporting cycles of the Fund. Quarterly reporting may be appropriate as a reference point.

4.3.3 For Indirect Investment Structures, reporting may be provided at portfolio, underlying fund, manager or mandate level, having regard to information reasonably available from underlying managers. This is not intended to require borrower, company or asset-level reporting where that information is not reasonably available to the Private Markets Manager.

4.3.4 Reporting can include, where relevant and material:

(a) portfolio composition and concentration exposures;

(b) valuation movements and areas of judgement;

(c) liquidity profile, projected cashflows and material stress-testing outcomes;

(d) leverage profile and refinancing exposures;

(e) conflicts of interest and related party activity; and

(f) for Private Credit Funds, arrears, defaults, impairments, revaluations of individual positions and watchlist exposures.

4.3.5 Reporting should enable meaningful challenge and decision-making and should not be limited to summary of performance metrics.

4.3.6 Where significant risk events arise between scheduled reporting cycles, timely escalation to the Governance Committee or another appropriate governance body supports effective review and oversight.

4.4 Delegation of Authority

4.4.1 A Private Markets Manager's Board may delegate certain responsibilities relevant to the implementation of FSC Standard 30 to a committee or individual, where:

(a) the delegation is formally documented;

(b) the scope of authority is clearly defined; and

(c) the delegation is approved or recognised under the Private Markets Manager's governance arrangements.

4.4.2 Delegation can support efficient governance but does not remove the role of the Governance Committee in overseeing the Private Markets Manager's governance, risk management and compliance arrangements.

4.4.3 Where responsibilities are delegated to a committee, good practice involves that committee:

(a) having clearly defined terms of reference;

(b) including members with appropriate expertise;

(c) maintaining documented minutes and decision records; and

(d) reporting to the Governance Committee in accordance with applicable governance documentation, including relevant charters or terms of reference.

4.4.4 Escalation pathways should be defined for circumstances where, having regard to the Private Markets Manager's policies, frameworks and materiality thresholds:

(a) material valuation uncertainty arises;

(b) liquidity stress exceeds defined thresholds;

(c) a significant conflict of interest is identified;

(d) there is a material breach of policy or investment parameters; or

(e) material credit deterioration occurs for a Private Credit Fund.

4.4.5 Good practice involves reviewing delegated authority arrangements periodically to ensure that they remain appropriate to the size, scale and complexity of the Private Markets Manager's Funds.

4.5 Independence and Segregation of Duties

4.5.1 Governance arrangements should provide for appropriate oversight, challenge and review in relation to:

(a) investment and origination activities;

(b) valuation activities;

(c) liquidity, leverage and risk management activities; and

(d) conflicts oversight and review.

4.5.2 These arrangements should be structured to support objective judgement and effective challenge, having regard to the size, scale, complexity and operating model of the Private Markets Manager and its Funds.

4.5.3 Good practice involves ensuring that a portfolio manager does not have sole authority to approve valuations for assets under their control.

4.5.4 Where structural separation is not reasonably practicable, Private Markets Managers should consider compensating controls capable of delivering effective and documented challenge to key decisions, including, where relevant, valuation determinations, credit assessments, risk ratings and other material judgements.

4.5.5 Remuneration arrangements for oversight and valuation functions should be designed and governed in a manner that supports independent and objective outcomes and does not create inappropriate incentives that could influence valuations, impairment recognition, credit watchlist status or the use of leverage.

4.6 Escalation of Material Risk Events

4.6.1 Good practice involves defining Material Risk Events for private markets activities.

4.6.2 Material Risk Events can include, where applicable:

(a) significant valuation uncertainty;

(b) liquidity shortfalls or redemption stress;

(c) refinancing risk;

(d) breaches of risk limits;

(e) material inability to deploy capital in accordance with the Fund's investment strategy;

(f) material related-party transactions; and

(g) covenant breaches and payment defaults for Private Credit Managers.

4.6.3 Material Risk Events should be linked to documented escalation to senior management and, where appropriate, to the Governance Committee.

4.6.4 Escalation documentation should be appropriate to the nature and materiality of the matter escalated. It may record, where relevant:

(a) the nature of the issue;

(b) the assessment of impact;

(c) the challenge applied;

(d) the decision or outcome;

(e) the proposed remediation or mitigation, if any; and

(f) the governance body that reviewed the matter.

4.7 Documentation and Evidencing Governance

4.7.1 Good practice involves maintaining documentation sufficient to demonstrate the effective operation of the Private Markets Governance Framework.

4.7.2 Framework documentation can include, where relevant:

(a) committee charters;

(b) minutes evidencing challenge and decision-making;

(c) escalation records;

(d) delegation registers; and

(e) periodic governance review documentation.

4.8 Private Credit – Additional Governance Considerations

4.8.1 Private Credit Managers should consider maintaining a documented credit governance framework to support implementation of FSC Standard 30.

The credit governance framework should:

(a) define underwriting standards, approval thresholds and delegated authorities;

(b) provide for appropriate independence and effective challenge in relation to credit approval, monitoring, internal risk ratings, default classification, impairment and material amendments;

(c) define monitoring, watchlist, impairment and escalation processes for deteriorating exposures;

(d) address borrower, sector, security, sponsor, concentration and related-party exposures; and

(e) define material credit matters and when they are escalated to the Governance Committee or another appropriate governance body.

4.8.2 Amendments, restructures and waivers should be subject to appropriate governance oversight, including approval through defined governance channels and documentation, having regard to the nature and materiality of the relevant change.

4.8.3 Good practice in private credit governance can include:

(a) using a Credit Committee or equivalent governance body to support initial approval, ongoing portfolio oversight, review and challenge of internal risk ratings, deteriorating exposures, watchlist assets, material amendments, restructures, waivers, recovery actions and escalation of material credit risks;

(b) documenting challenge to underwriting assumptions, including sensitivity analysis on downside recovery and refinancing risk;

(c) developing risk appetite parameters for sector, borrower and related-party concentrations approved by the Governance Committee;

(d) reporting periodic portfolio-level stress testing results to the Governance Committee; and

(e) conducting formal post-incident reviews following material defaults or restructures.

4.9 Periodic Review and Challenge

4.9.1 Good practice involves maintaining arrangements for periodic review and challenge of governance, valuation, liquidity, leverage, conflicts and credit risk frameworks or equivalent arrangements.

4.9.2 In determining the scope, frequency and form of any such review, relevant factors can include:

(a) size and complexity of the Fund;

(b) materiality of private markets exposure;

(c) the presence of structural conflicts;

(d) the nature and sophistication of the investor base; and

(e) regulatory expectations.

(a) Review may be undertaken internally or independently, depending on the nature, scale, complexity, investor base and risk profile of the relevant Fund or activity.

5. Fees and Disclosure

5.1 Fee and Economic Transparency Framework

5.1.1 Disclosure under this section is subject to applicable law, contractual confidentiality obligations, contractual restrictions, material non-public information restrictions and information barrier requirements. Where specific information is not reasonably available or cannot reasonably be disclosed due to these restrictions, disclosure may be provided on an aggregated, anonymised, ranged or qualitative basis, provided it remains clear, meaningful and not misleading.

5.1.2 Private Markets Managers should consider maintaining or mapping to a documented framework governing the identification, calculation, allocation, setting and disclosure of material fees, costs and economic benefits arising in connection with their Funds.

5.1.3 This may be addressed through existing offer document, product governance, due diligence, conflicts, fee approval or disclosure processes and does not need to be maintained as a standalone fee disclosure policy.

5.1.4 The framework may assist investors to understand, where relevant:

(a) what fees and costs are charged;

(b) who receives them;

(c) how they are calculated;

(d) how they impact investor returns; and

(e) any circumstances in which the Private Markets Manager or its related entities receive material economic benefits beyond headline management or performance fees.

5.1.5 The framework can address fee and income streams, or other value in-kind, arising at Fund level, SPV level, borrower level or through Related entities.

5.1.6 For Indirect Investment Structures, fee and cost disclosure may be provided at the Fund level and does not require full look-through disclosure of each underlying manager's fees, costs or economic benefits, except where such information is reasonably available, material and relevant to investor understanding. Disclosure may be provided on an aggregated, estimated, ranged or qualitative basis where this is sufficient to support investor understanding and avoids disclosure of commercially sensitive information.

5.1.7 Disclosure and investor reporting should be considered by reference to the economic substance of the Fund and its material exposures, not only its legal form. Where SPVs, warehouse structures, interposed vehicles, offshore vehicles, feeder funds or other layered structures are used, disclosure should assist investors to understand the material features of the structure and how it affects exposures, risks, fees, costs, conflicts, liquidity and investor outcomes.

5.2 Management Fees

5.2.1 Disclosure of management fees should explain the basis on which management fees are calculated, noting the requirement in ASIC Regulatory Guide 97 that management fees and costs disclosures in a product disclosure statement must be as a percentage of net asset value. Relevant calculation bases may include:

(a) committed capital;

(b) invested capital;

(c) net asset value;

(d) loan balance; or

(e) another specified basis.

5.2.2 Disclosure should describe any material step-downs, fee holidays, waivers or tiered structures.

5.2.3 Where multiple entities within the manager group receive management-related remuneration, disclosure should identify the existence and nature of those arrangements, where material to investor understanding.

5.3 Performance Fees and Carried Interest

5.3.1 Where performance fees or carried interest arrangements apply at the fund level, disclosure should explain the key features of those arrangements. This can include:

(a) the performance hurdle or benchmark;

(b) the crystallisation methodology and frequency;

(c) the basis of calculation;

(d) any high-water mark or clawback mechanism; and

(e) circumstances in which performance fees may be payable notwithstanding unrealised gains.

5.3.2 For Indirect Investment Structures, disclosure of performance fees or carried interest charged by underlying managers may be provided on an aggregated, estimated, ranged or qualitative basis where detailed look-through information is not reasonably available. This may include disclosure at Fund, portfolio or manager-category level where this is sufficient to support investor understanding of the overall performance fee or carried interest profile.

5.3.3 Disclosure should explain how performance fees are intended to align with long-term investor outcomes.

5.4 Private Credit, Borrower-Paid Fees and Credit-Related Income

5.4.1 For Private Credit Funds, borrower-paid fees and credit-related income streams can be a material driver of investor understanding of total manager remuneration and potential conflicts.

5.4.2 Private Credit Managers should consider whether disclosure addresses material borrower-paid fees and credit-related income streams associated with a Fund that accrue to the Private Credit Manager or its Related entities and not the Fund. These can include:

(a) origination, arrangement or underwriting fees;

(b) structuring or placement fees;

(c) monitoring or advisory fees;

(d) amendment or waiver fees;

(e) exit fees;

(f) default interest or penalty payments; and

(g) break costs or make-whole amounts.

5.4.3 Disclosure may be provided on an aggregated, categorised, ranged or estimated basis where this is sufficient to support investor understanding and avoids disclosure of commercially sensitive transaction-level information.

5.4.4 Disclosure should make clear whether material borrower-paid fees or credit-related income are:

(a) retained by the Fund;

(b) offset against management or performance fees; or

(c) retained by the Private Credit Manager or its Related entities.

5.4.5 Where borrower-paid fees are retained by the Private Credit Manager or a Related entity, good practice involves explaining the rationale for that retention and the controls in place to mitigate associated conflicts of interest.

5.4.6 For Indirect Investment Structures, including fund-of-funds and secondaries, disclosure may be based on information reasonably available to the Private Markets Manager and may describe the nature of underlying fee and economic benefit arrangements on an aggregated, estimated, ranged or qualitative basis. This may include describing the existence and general nature of underlying borrower-paid fees, credit-related income, net interest margin arrangements or other economic benefits, and any material limitations in available information.

5.5. Net Interest Margin and Interposed Structures

5.5.1 Where a Fund invests through SPVs, warehouse structures or other interposed entities, disclosure should assist investors to understand any material economic benefits retained by the Private Markets Manager or its affiliates arising from those structures.

5.5.2 The use of an interposed vehicle does not remove the need to disclose material information that is reasonably necessary for investors to understand the Fund's structure, economics and risk profile. Disclosure may be aggregated, estimated, ranged or qualitative where transaction-level or underlying manager information is not reasonably available or cannot reasonably be disclosed.

5.5.3 For Private Credit Funds, this includes where net interest margin, spread income or structuring economics are retained by the Private Credit Manager or its Related entities rather than the Fund.

5.5.4 Disclosure should be presented in a manner that allows investors to understand the nature and, where reasonably practicable, the scale of material economic remuneration accruing to the manager group in connection with the Fund. For Indirect Investment Structures, this does not require disclosure of borrower interest rates, loan-level spreads or net interest margins of underlying managers where that information is not reasonably available to the Private Markets Manager.

5.6 Related-Party Fees and Cost Flows

5.6.1 Where a Fund pays fees or expenses to Related Parties of the Private Markets Manager, disclosure should assist investors to understand:

(a) the nature of the services provided;

(b) the basis of remuneration; and

(c) the governance mechanisms used to support arm's-length outcomes.

5.6.2 Disclosure does not need to publish commercially sensitive fee terms, including specific rates, margins or negotiated arrangements. Where such terms are not disclosed, alternative disclosure should be sufficient to enable investors to understand the nature of the arrangement, the basis on which remuneration is calculated, the parties receiving the benefit, the potential impact on investor returns, and the governance controls used to manage any associated conflicts.

5.6.3 Good practice involves maintaining documentation supporting the assessment that related-party fee arrangements are reasonable and consistent with investor interests.

5.7 Fee Presentation and Comparability

5.7.1 Fee disclosures should use clear and consistent terminology.

5.7.2 Fee disclosures should not omit material fee or income streams in a manner that could mislead investors as to the total economic benefit received by the Private Markets Manager or its Related entities.

5.7.3 Where practical, fee disclosure should distinguish between:

(a) ongoing fees;

(b) transaction-based fees;

(c) performance-linked fees; and

(d) credit event-related income.

5.7.4 Private Markets Managers may use grouped categories where this improves investor understanding and comparability, provided the categories do not obscure material fee or economic benefit flows.

5.8 Investor Reporting and Transparency

5.8.1 Investor reporting should be prepared on a timely and consistent basis and, where appropriate, in a manner that supports comparability across similar products and strategies.

5.8.2 Investor reporting should use clear and consistent terminology and, where relevant, appropriate classifications or identifiers to support investor understanding and comparability. Relevant classifications can include sector, industry, geography, asset type, collateral type, borrower type, instrument type or other classifications relevant to the strategy.

5.8.3 Where investor reporting uses fund-specific definitions, underlying manager definitions, offshore framework definitions or definitions agreed through commercially negotiated investor arrangements, good practice involves explaining the definition or calculation basis where reasonably necessary to support investor understanding.

5.8.4 This may include identifying any material differences from the model definitions in this Guidance Note, from common market usage, or from definitions, classifications or calculation bases used in prior reporting periods or disclosure documents.

5.8.5 Investor reporting may include, where material and relevant to the strategy and structure of the Fund:

(a) portfolio composition, including sector, geographic and asset type exposures;

(b) the number of underlying investments or loans within the portfolio;

(c) concentrations, including exposures representing a material proportion of the portfolio;

(d) credit metrics, including arrears, impairments or defaults;

(e) the use of payment-in-kind or capitalised income arrangements;

(f) performance over multiple time horizons, including since inception;

(g) the proportion of distributions derived from income versus other sources; and

(h) material conflicts of interest and related-party transactions.

5.8.6 The level of detail provided in investor reporting should be proportionate to the nature, complexity and liquidity profile of the Fund, and the characteristics of the investor base.

5.8.7 Where there are material limitations in the availability, reliability or comparability of information, good practice involves disclosing those limitations in a way that assists investors to understand the relevance of the information provided.

5.8.8 Investor reporting may be provided on an aggregated, anonymised, estimated, ranged or qualitative basis where specific information is not reasonably available or cannot reasonably be disclosed.

5.8.9 Reporting practices that may support transparency and investor understanding include:

(a) providing periodic reporting that includes a summary of portfolio composition, key risk metrics, performance across relevant time horizons, and a breakdown of income and distribution sources;

(b) presenting reporting in a consistent format over time to support investor understanding and comparability across periods; and

(c) cross-referring to FSC Guidance Note 46: Product Performance: Calculation of Returns, where relevant to performance reporting.

5.9 Differential Treatment of Investors

5.9.1 Where material differential treatment exists between investors, practical implementation of FSC Standard 30 can be supported by governance, documentation and disclosure that reflects the nature of the relevant arrangement, the investor base and applicable confidentiality or commercial sensitivity.

5.9.2 Differential treatment can include different share or unit classes, fees, liquidity terms, information rights, side letters or similar arrangements.

5.9.4 Where differential treatment exists, Private Markets Managers should consider documenting:

(a) the nature and rationale for the differential treatment;

(b) the potential impact of the arrangement on other investors; and

(c) the governance and conflict management processes applied to the arrangement.

5.9.4 Where differential treatment relates to liquidity or Redemption Rights, the arrangement should be considered in light of the liquidity profile of the Fund and the potential impact on other investors.

5.9.5 Disclosure of differential treatment does not require disclosure of commercially sensitive terms agreed with individual investors, including specific fee terms, where disclosure would breach confidentiality or commercial obligations. In such cases, disclosure should be sufficient to enable investors to understand the existence and general nature of the differential treatment and any material implications for investor outcomes.

5.9.6 Where differential treatment relates to access to information or investor reporting, good practice involves governance oversight to consider whether the arrangement could create information asymmetry that materially disadvantages other investors.

5.10 Ongoing Review of Fee Practices

5.10.1 Private Markets Managers should periodically review their fee disclosures, including following material changes to fee arrangements, to consider whether they remain transparent, accurate and consistent with the intent of FSC Standard 30. Fee structures may be reviewed where there is a material change in circumstances, Fund terms, strategy, structure or investor base.

5.10.2 Where material changes are made to fee arrangements, investor communications should clearly explain the nature and effect of those changes.

5.10.3 Good practice in private credit fee transparency can include:

(a) providing an aggregated summary of total economic remuneration received by the manager group from a Fund, including borrower-paid fees and SPV-level income;

(b) quantifying borrower-paid fees retained by the Private Credit Manager or its Related entities, as a proportion of Fund assets, income or other relevant measures, where reasonably practicable;

(c) disclosing net interest margin retained outside the Fund, where appropriate;

(d) providing worked examples to illustrate the impact of fees on investor returns; and

(e) periodically considering benchmarking of fee practices against comparable market strategies.

6. Valuation Governance

6.1 Valuation Framework

6.1.1. In developing and applying a Valuation Framework, Private Markets Managers should have regard to recognised valuation, accounting, professional and industry standards and guidance relevant to the asset class, Fund structure, jurisdiction and purpose of the valuation.

6.1.2 The Valuation Framework should be approved by the Governance Committee, or another appropriate governance body under the Private Markets Manager's governance arrangements.

6.1.3 The Valuation Framework should be subject to periodic review and update, including following material changes in strategy, asset composition, market conditions or valuation approach.

6.1.4 Where a different methodology or assumption is used for comparable exposures, the rationale can be recorded in the valuation papers or committee materials, including the relevant Fund, asset, data or accounting considerations.

6.2 Valuation Frequency and Trigger Events

6.2.1 Private Market Assets should generally be valued at least quarterly, particularly for open-ended Funds, evergreen Funds, Funds offering regular subscription or Redemption Rights, or Funds where valuation outcomes affect unit pricing, investor reporting, fees or performance reporting.

6.2.2 A lower valuation frequency may be appropriate where this reflects the nature of the Fund, including where the Fund is closed-ended, does not offer regular subscription or Redemption Rights, or where reliable valuation inputs are not available on a quarterly basis.

6.2.3 Where a valuation frequency lower than quarterly is adopted, the rationale should be documented and the Private Markets Manager should consider whether the frequency remains appropriate for financial reporting, investor reporting, governance and any subscription or redemption arrangements.

6.2.4 Private Markets Managers should define and document trigger events that may require valuation reassessment outside the normal valuation cycle.

6.2.5 Trigger events should be designed having regard to the nature of the assets, investment strategy and market conditions. Trigger events may relate to market-wide, sector-specific, asset-specific, transaction-specific or underlying fund-level developments.

6.2.6 Relevant indicators may include, where appropriate:

(a) significant market or sector movements;

(b) increased market volatility;

(c) related-party transactions;

(d) delayed or suspended net asset value reporting, qualified or estimated net asset values, or activation of liquidity management tools by an underlying fund;

(e) the acquisition or transfer of assets where the transaction price differs materially from prior carrying value or observable market indicators;

(f) material changes to the capital structure, financing arrangements or ownership of an asset;

(g) material underperformance of an asset relative to its investment thesis, financial model or budget;

(h) refinancing risk;

(i) material borrower, asset or company deterioration;

(j) material financial covenant breach (for Private Credit Managers);

(k) payment default (for Private Credit Managers); and

(l) material amendments or restructures of credit exposures (for Private Credit Managers).

6.2.7 Where trigger events occur, Private Markets Managers should document whether a valuation adjustment is required and the rationale for that determination.

6.2.8 Practical approaches that support strong valuation governance and timely identification of changes in asset value include:

(a) establishing a documented trigger framework linking defined risk indicators to reassessment of asset values;

(b) defining quantitative or qualitative thresholds that may prompt reassessment, such as changes in leverage metrics, cashflow forecasts or underlying asset values;

(c) reassessing valuation assumptions following covenant breaches, restructures, waivers or material amendments to financing or investment arrangements;

(d) reassessing valuations where asset performance materially diverges from underwriting assumptions, investment thesis or financial projections;

(e) considering valuation impacts where refinancing risk increases, including changes in debt maturity profiles or credit conditions;

(f) considering reassessment where independent market data or observable inputs indicate movement in comparable asset values;

(g) documenting instances where trigger events do not result in valuation adjustments, including the rationale and governance review applied; and

(h) escalating repeated or clustered trigger events to the valuation oversight body or Governance Committee, where appropriate.

6.3 Independence and Valuation Oversight

6.3.1 Valuation oversight arrangements should support effective challenge and review of valuation processes, including by:

(a) reviewing methodologies and assumptions;

(b) challenging valuation outcomes;

(c) approving material overrides; and

(d) escalating disagreements to senior governance bodies where necessary.

6.3.2 Private Markets Managers should consider whether external valuation input or assurance is appropriate, having regard to:

(a) asset complexity;

(b) materiality of exposures;

(c) degree of judgement applied;

(d) market conditions;

(e) potential conflicts of interest

(f) whether the valuation affects unit pricing, subscriptions, redemptions, investor reporting, fees or performance reporting; and

(g) whether the valuation relates to a related-party transaction, in-specie transfer, cross-fund trade, asset transfer, impairment decision, restructure or enforcement action.

6.3.3 Where valuation uncertainty is elevated, conflicts are present, or exposures are material to investor outcomes, Private Markets Managers should consider whether External Valuation Input should be Independent, and whether external independent valuation, external independent valuation review, independent internal review or another form of effective challenge is appropriate. The rationale for the approach adopted should be documented.

6.3.4 External Valuation Input should be appropriately scoped and performed by persons or firms with relevant expertise having regard to the asset class, jurisdiction, valuation purpose and intended use. For Australian real property, development property, infrastructure, plant and equipment or similar real asset valuations, relevant expertise may include appropriate professional certification, asset-class experience, jurisdictional knowledge, professional standing, professional indemnity insurance and compliance with recognised professional valuation standards, including Australian Property Institute standards where applicable.

6.3.5 In assessing whether External Valuation Input is Independent, Private Markets Managers should consider any material relationship between the valuation provider and the Private Markets Manager, Fund, borrower, issuer, developer, sponsor, transaction counterparty or other relevant party. Good practice includes ensuring valuation fees are not contingent on outcomes, instructions do not influence the valuation figure, material conflicts are addressed, and provider tenure is periodically reviewed for material assets.

6.3.6 For Indirect Investment Structures, appropriate valuation oversight may be supported by due diligence, review of underlying manager or vehicle valuation information, and ongoing monitoring, having regard to the Private Markets Manager's role, level of control and information rights.

6.3.7 Practical approaches that support independence and effective oversight of valuation processes include:

(a) using a valuation committee, or other governance arrangements, that incorporate independent or non-investment representation in oversight of valuation processes;

(b) including second-line risk or other independent functions in valuation review and oversight;

(c) periodic external review of valuation methodologies, where appropriate; and

(d) independent review or challenge of material valuation movements.

6.4 Documentation and Override Governance

6.4.1 Private Markets Managers should document valuation methodologies, key assumptions and inputs applied to each material asset class.

6.4.2 Material judgement areas should be clearly recorded as part of the valuation process.

6.54.3 Material limitations in the availability, quality, timeliness or reliability of valuation inputs should be identified and considered as part of the valuation process. Where such limitations are material to valuation outcomes or investor understanding, the Private Markets Manager should document the limitation, its impact, any governance review applied, and any implications for investor reporting or disclosure.

6.4.4 Where External Valuation Input is obtained, valuation documentation should identify the scope of work, valuation purpose, valuation date, basis of value, intended use, intended users or parties entitled to rely on the valuation, material assumptions and material limitations, where relevant and reasonably available.

6.4.5 Where material valuation overrides or departures from the Valuation Framework occur, the valuation oversight arrangements should provide for:

(a) documentation of the rationale;

(b) recording of the approving authority;

(c) maintenance of a register of material valuation overrides or departures, where appropriate; and

(d) reporting of material overrides to governance oversight bodies.

6.4.6 Valuation documentation should be sufficient to support independent review and regulatory engagement where required.

6.4.7 Practical approaches that support disciplined valuation processes and transparency in the use of valuation adjustments or overrides include:

(a) maintaining records of valuation adjustments or overrides, including periodic review or trend analysis, with reporting to the Governance Committee or equivalent governing body where appropriate;

(b) periodic back-testing of realised outcomes, such as exit values, against prior carrying values; and

(c) considering disclosure of valuation uncertainty or sensitivity ranges for material exposures, where appropriate to the nature of the asset and investor base.

6.4.8 Where material valuation uncertainty exists, good practice involves documenting the nature and cause of that uncertainty and considering whether disclosure, sensitivity analysis or a valuation range is appropriate having regard to the asset, investor base and purpose of the valuation.

6.5 Private Credit – Impairment and Default Recognition

6.5.1 Impairment recognition, default classification and recovery governance for Private Credit exposures are addressed in Section 9 – Private Credit - Credit Risk *Management*.

6.6 Valuation During Stressed Market Conditions

6.6.1 The Valuation Framework should address how valuations are managed under conditions of heightened uncertainty, including macroeconomic stress, market dislocation, increased volatility, reduced transaction activity, significant movements in comparable assets, sector-specific stress or asset-specific deterioration.

6.6.2 Where valuation uncertainty materially increases, Private Markets Managers should consider whether adjustments to valuation processes are appropriate. This may include:

(a) increasing valuation frequency;

(b) applying enhanced governance oversight;

(c) obtaining additional internal or external valuation input;

(d) reviewing key valuation assumptions and inputs; and

(e) considering the interaction between valuation outcomes, liquidity settings and investor dealing arrangements.

(f) Valuation uncertainty considerations during stressed conditions should be documented, including the rationale for any valuation adjustment, additional review or decision not to adjust valuation settings.

6.7 Alignment of Valuation Frequency and Redemption Terms

6.7.1 Valuation and redemption settings should be considered together to support fair and equitable outcomes for investors, having regard to:

(a) the valuation cycle;

(b) the liquidity profile of the underlying assets;

(c) the overall liquidity position of the Fund;

(d) the operation of liquidity management tools; and

(e) the Fund's subscription and redemption arrangements.

6.7.2 Where redemption frequency differs from the valuation cycle, Private Markets Managers should consider whether appropriate controls, pricing methodologies and governance arrangements are in place to support fair redemption pricing, including under stressed conditions.

6.7.3 Where valuation frequency is lower than redemption frequency, Private Markets Managers should:

(a) document the rationale for the valuation cycle adopted;

(b) assess whether pricing mechanisms are designed and operated to mitigate the risk of dilution or value transfer between transacting and remaining investors, including through the use of appropriate pricing adjustments or controls; and

(c) apply governance oversight to the interaction between valuation timing and redemption processing.

6.7.4 Good practice in aligning valuation processes and redemption terms can include:

(a) aligning valuation frequency with redemption frequency where practicable, having regard to the nature of the underlying assets and the Fund structure;

(b) undertaking interim valuation assessments or reviews where material market movements occur between formal valuation cycles;

(c) considering the use of pricing adjustments, liquidity buffers or other mechanisms where valuation uncertainty is elevated;

(d) escalating matters to the Governance Committee or equivalent governing body where valuation inputs may materially affect investor fairness; and

(e) periodically reviewing whether liquidity management tools, such as gates, queues or suspensions, may be appropriate where valuation uncertainty increases.

7. Liquidity Risk Management

7.1 Liquidity Risk Management Framework

7.1.1 Liquidity risk management arrangements are more effective where they are documented in a Liquidity Risk Management Framework or addressed through existing policies, procedures, governance materials or reporting processes that are appropriate to the Fund's Redemption Rights, asset profile, structure, investor base and available information.

7.1.2 A separate standalone Liquidity Risk Management Framework is not required where existing policies, procedures, governance materials or reporting processes collectively address the relevant matters.

7.1.3 A Liquidity Risk Management Framework or equivalent arrangements may address, where relevant:

(a) liquidity risks at both asset and portfolio level;

(b) the relationship between redemption terms and the liquidity characteristics of underlying assets;

(c) liquidity risk appetite and tolerance thresholds;

(d) ongoing monitoring and reporting arrangements;

(e) escalation triggers; and

(f) liquidity management tools available under the Fund's governing documents.

7.1.4 The Liquidity Risk Management Framework should be approved by the Governance Committee, or another appropriate governance body under the Private Markets Manager's governance arrangements.

7.1.5 The Liquidity Risk Management Framework should be subject to periodic review and update, including following material changes in market conditions, asset composition, redemption activity or liquidity risk profile.

7.2 Asset-Level Liquidity Assessment

7.2.1 Private Markets Managers should, where relevant to the Fund's liquidity and redemption arrangements, assess and document the expected realisation profile of underlying assets or liquidity sources that are expected to be used to meet redemptions.

7.2.2 For Indirect Investment Structures, including fund-of-funds and multi-manager strategies, liquidity assessment may be based on underlying fund terms, Redemption Rights, lock-ups, notice periods, gates, suspension rights, expected distribution patterns, underlying manager reporting and other reasonably available information. This may include assessing liquidity by reference to underlying fund-level liquidity information rather than base-asset liquidity profiles, where those profiles are not reasonably available through the Private Markets Manager's information rights.

7.2.3 Where applicable, liquidity assessment should consider:

(a) time to sale under normal market conditions;

(b) time to sale under stressed market conditions;

(c) reliance on refinancing or secondary market transactions;

(d) concentration of assets within sectors or structures;

(e) underlying Fund leverage; and

(f) borrower cashflow reliability (for private credit).

7.2.4 Where a Fund does not offer investor Redemption Rights, or where redemptions are primarily funded through contractual cashflows, liquidity risk may be addressed through credit risk, refinancing and cashflow management frameworks.

7.2.5 Good practice in liquidity classification includes:

(a) categorising assets into liquidity groupings based on expected time to realisation;

(b) periodically reviewing liquidity assumptions against observed transaction evidence or market conditions; and

(c) documenting differences between liquidity assumptions used for portfolio construction and those used for redemption or cashflow planning.

7.3 Structural Liquidity Alignment

7.3.1 Private Markets Managers should periodically assess whether structural liquidity mismatch has increased, including due to:

(a) asset composition changes;

(b) leverage levels;

(c) refinancing risk; or

(d) market stress.

7.3.2 Where structural liquidity mismatch is identified, mitigation measures and governance oversight should be documented.

7.3.3 Practical approaches to structural liquidity alignment include:

(a) reviewing whether redemption terms remain appropriate having regard to expected asset realisation timeframes;

(b) considering the interaction between assets, liabilities and available liquidity management tools;

(c) assessing whether liquidity assumptions remain appropriate under stressed market conditions; and

(d) escalating material mismatch risks to the Governance Committee or equivalent governance body.

7.4 Liquidity Monitoring and Cashflow Forecasting

7.4.1 Private Markets Managers offering Redemption Rights should maintain forward-looking cashflow projections appropriate to the Fund's Redemption Rights, liquidity profile and asset cashflow characteristics.

7.4.2 For Private Market Funds offering regular Redemption Rights, cashflow projections should ordinarily cover at least a 12-month forward-looking period, unless a shorter or longer period is appropriate having regard to the Fund's structure, redemption frequency and liquidity arrangements.

7.4.3 For Indirect Investment Structures, cashflow projections may be based on underlying fund redemption terms, notice periods, lock-up periods, gates, suspension rights, expected distribution patterns, underlying manager reporting and reasonable assumptions where asset-level cashflow information is not reasonably available.

7.4.4 Cashflow projections should, where relevant:

(a) consider expected asset cashflows;

(b) incorporate reasonably foreseeable redemption activity;

(c) assess refinancing exposures;

(d) include, where relevant, a downside case that assumes no new capital inflow;

(e) be updated at a frequency appropriate to the Fund's redemption profile and liquidity risk; and

(f) include a base case reflecting expected subscriptions, distributions and other cashflows, where appropriate to the Fund's structure and liquidity arrangements.

7.4.5 Liquidity monitoring arrangements should be reasonably designed to identify emerging liquidity shortfalls before redemptions are processed.

7.5 Stress Testing

7.5.1 Where a Fund offers Redemption Rights and liquidity risk is material, Private Markets Managers should undertake liquidity stress testing appropriate to the Fund's structure, Redemption Rights, asset liquidity, cashflows, available information and the Private Markets Manager's role, level of control and information rights.

7.5.2 The frequency, sophistication and form of stress testing should be proportionate to the Fund's liquidity profile, redemption frequency, investor base, asset characteristics, size, complexity and available information. Stress testing does not need to follow a fixed frequency or methodology where a different approach is appropriate to the Fund's structure and liquidity risk.

7.5.3 For Indirect Investment Structures, stress testing may be supported by underlying manager reporting, available liquidity information, contractual redemption terms and reasonable assumptions, having regard to the Private Markets Manager's role, level of control and information rights.

7.5.4 Where asset-level liquidation timelines or cashflow data are not reasonably available, stress testing may use reasonable proxies, including contractual liquidity terms, historical call and distribution patterns, underlying manager reporting, redemption terms, notice periods, lock-up periods, redemption gates, suspension rights, expected distribution patterns or market liquidity indicators.

For example, stress testing may consider scenarios where redemption requests increase, underlying fund distributions are delayed, gates are applied, or redemption proceeds from underlying funds are received later than assumed.

7.5.5 Stress testing should consider, where relevant:

(a) increased redemption requests;

(b) valuation shocks;

(c) delayed borrower repayments;

(d) refinancing constraints;

(e) the level of undrawn commitments;

(f) market illiquidity or widening bid-ask spreads; and

(g) withdrawal or tightening of external financing facilities.

7.5.6 Stress testing should assess the adequacy of liquidity buffers and available liquidity management tools.

7.5.7 Stress testing results should be reviewed by senior management and reported to the Governance Committee or Board where material.

7.5.8 Where stress testing identifies material liquidity risk, Private Markets Managers should consider whether any changes are required to liquidity buffers, redemption settings, liquidity management tools, investor communications, distributions, borrowing arrangements or escalation processes.

7.5.9 Good practice in stress testing includes:

(a) undertaking reverse stress testing to identify potential liquidity break points or failure scenarios;

(b) considering how stress testing outputs may inform redemption settings and liquidity management decisions;

(c) aligning stress testing assumptions with valuation uncertainty considerations under Section 6 – Valuation Governance, where relevant; and

(d) periodically reviewing stress testing methodologies and assumptions, including independent review where appropriate.

7.6 Liquidity Management Tools

7.6.1 Where a Fund offers Redemption Rights and has liquidity management tools available under its governing documents, the design, governance and application of those tools should have regard to the liquidity profile of the Fund and the fair treatment of investors.

7.6.2 Liquidity management tools may include gates, queues, suspensions, redemption notice periods, redemption caps or limits, or other mechanisms permitted by Fund documentation.

7.6.3 Activation of liquidity management tools should:

(a) follow documented criteria;

(b) be subject to governance oversight; and

(c) be communicated to investors clearly and promptly.

7.6.4 Private Markets Managers should consider whether activation of liquidity tools may be appropriate where structural liquidity mismatch or valuation uncertainty materially increases.

7.7 Avoidance of Investor Inequity

7.7.1 Private Markets Managers should consider whether liquidity arrangements create inequitable outcomes between transacting and remaining investors.

7.7.2 Liquidity management arrangements should operate consistently with valuation practices under Section 6 – Valuation Governance.

7.7.3 Where material inequity risk is identified, governance bodies should review and document the approach taken.

7.8 Funds Without Redemption Rights

7.8.1 Where a Private Markets Fund does not offer investor Redemption Rights, the Fund's liquidity profile and any associated restrictions on investor liquidity should be appropriately addressed in its design, governance arrangements and investor disclosures.

7.8.2 Where a Private Markets Fund does not offer investor Redemption Rights, liquidity risk should be considered through relevant governance frameworks, including credit risk, refinancing and leverage frameworks where applicable.

8. Fund Leverage and Refinancing Risk

8.1 Leverage Governance Framework

8.1.1 This Section is relevant to leverage and structural borrowing arrangements at the Fund level, feeder vehicle level or within underlying structures to the extent those arrangements are controlled by the Private Markets Manager or may materially affect Fund-level risk, liquidity, valuation, refinancing risk, distributions, redemptions or investor outcomes.

8.1.2 This Section is not intended to capture ordinary-course asset-level financing or inter-entity structuring arrangements unless those arrangements may materially affect Fund-level risk, liquidity, valuation, refinancing risk or investor outcomes.

8.1.3 Private Markets Managers utilising leverage within the scope of this Section should consider maintaining and operationally implementing a documented Leverage Governance Framework or equivalent arrangements through existing policies, procedures, governance materials or reporting processes.

8.1.4 A separate standalone Leverage Governance Framework is not required where existing policies, procedures, governance materials or reporting processes collectively address the relevant matters.

8.1.5 The Leverage Governance Framework or equivalent arrangements may address, where relevant:

(a) permitted forms of leverage;

(b) approval thresholds and delegated authorities;

(c) monitoring and reporting requirements;

(d) refinancing risk management procedures; and

(e) escalation triggers for material leverage-related risk events.

8.1.6 The Leverage Governance Framework should be approved by the Governance Committee, or another appropriate governance body under the Private Markets Manager's governance arrangements.

8.2 Monitoring and Reporting of Leverage

8.2.1 Private Markets Managers should monitor leverage at the Fund level and, where relevant, feeder-level, asset-level or underlying-structure level, to the extent such leverage is controlled by the Private Markets Manager or may materially affect Fund-level risk, liquidity, valuation, refinancing risk or investor outcomes.

8.2.2 Monitoring can include, where relevant and reasonably available, particularly where leverage is controlled by the Private Markets Manager or materially affects Fund-level risk:

(a) total borrowings;

(b) facility maturity profiles;

(c) material pricing or margin features;

(d) covenant compliance;

(e) security ranking relative to investors; and

(f) exposure to refinancing concentration.

8.2.3 Material leverage exposures and refinancing risks should be reported to the Governance Committee, or another appropriate governance body, at a frequency appropriate to the nature, scale, complexity and risk profile of the Fund.

8.3 Refinancing Risk

8.3.1 Private Markets Managers should assess refinancing risk associated with leverage arrangements at the Fund level.

8.3.2 Refinancing risk assessment should consider, where relevant:

(a) proximity of facility maturities;

(b) prevailing credit market conditions;

(c) reliance on asset sales or borrower repayments to repay facilities;

(d) concentration of maturities within defined time horizons; and

(e) potential impact on investor liquidity or distributions.

8.3.3 Where refinancing risk materially increases, escalation should occur in accordance with the Private Markets Governance Framework.

8.3.4 Good practice in refinancing discipline can include:

(a) maintaining a refinancing runway analysis over an appropriate forward-looking period;

(b) monitoring the concentration of facility maturities within defined time horizons;

(c) undertaking scenario analysis where refinancing conditions deteriorate or market access becomes constrained; and

(d) escalating refinancing risk metrics to the Governance Committee or equivalent governing body where relevant thresholds are approached.

8.4 Use of Subscription Lines and NAV Facilities

8.4.1 Where subscription lines, net asset value (NAV) facilities or other structural borrowings are utilised, Private Markets Managers should consider:

(a) defining the purpose of such facilities;

(b) assessing their impact on leverage profile and investor risk;

(c) monitoring covenant and maturity terms; and

(d) providing transparency to investors regarding their use.

8.4.2 Use of leverage should remain consistent with the Fund's disclosed investment strategy, stated risk profile, governance arrangements and investor disclosures.

8.4.3 Good practice in the governance of NAV facilities or other asset-backed structural borrowings can include:

(a) documenting the intended purpose of the facility, such as follow-on investments or short-term liquidity management, and aligning its use with that purpose;

(b) maintaining a forward-looking refinancing analysis in relation to facility maturities and covenant headroom;

(c) monitoring sensitivity to changes in underlying asset values, including the potential impact on leverage ratios and covenant compliance;

(d) undertaking scenario analysis where asset values decline or refinancing conditions deteriorate;

(e) escalating matters to the Governance Committee or equivalent governing body where utilisation or risk metrics approach defined thresholds;

(f) providing disclosure to investors regarding the existence, purpose and risk implications of NAV facilities, where appropriate; and

(g) considering the extent to which NAV facilities are used to support investor redemptions or distributions, with appropriate governance oversight where such use is sustained or material.

8.5 Interaction with Liquidity and Valuation

8.5.1 Private Markets Managers should consider the interaction between leverage, valuation and liquidity risk.

8.5.2 Where leverage materially amplifies liquidity risk or valuation sensitivity, governance oversight should be documented.

8.5.3 Where borrowings are used to fund redemptions or distributions, Private Markets Managers should assess and document the associated refinancing and leverage implications.

8.6 Disclosure of Leverage

8.6.1 Investor disclosure should assist investors to understand the nature, purpose and risks associated with leverage within the Fund.

8.6.2 Disclosure can include, where relevant and appropriate on both a direct and look-through basis:

(a) the extent of leverage;

(b) target leverage;

(c) the purpose of leverage;

(d) associated risks; and

(e) potential impact on returns and liquidity.

9. Private Credit - Credit Risk Management

9.1 Application

9.1 Credit risk management should be considered together with the governance arrangements under Section 4 – Governance and Accountability, the valuation arrangements under Section 6 – Valuation Governance, and the conflicts arrangements under Section 10 – Conflicts of Interest.

9.2 For Indirect Investment Structures, a Private Credit Manager may rely on due diligence, monitoring and reporting from the underlying manager's credit governance arrangements, having regard to its role, level of control and information rights. A Private Credit Manager is not expected to replicate the underlying manager's credit committee process where it does not control the underlying credit decisions.

9.2 Credit Risk Management Framework

9.2.1 Private Credit Managers should maintain a documented Credit Risk Management Framework appropriate to the nature, scale, complexity and risk profile of their Private Credit Funds.

9.2.2 The Credit Risk Management Framework should support the identification, assessment, monitoring and management of credit risks associated with the Fund, having regard to the relevant assets and investment strategy.

9.2.3 The Credit Risk Management Framework should provide for appropriate independence from deal origination. This may be achieved through functional independence, second-line risk participation, independent committee representation, governance oversight, documented challenge or other controls that support objective decision-making, and does not require a standalone Credit Committee or a particular governance structure.

9.2.4 Credit governance may be supported by a Credit Committee or equivalent governance arrangement. The role of that arrangement is not limited to initial approval of credit exposures and may include ongoing portfolio oversight, review of internal risk ratings, deteriorating exposures, watchlist assets, default classification, impairment escalation, restructures, waivers, recovery actions, concentration risks, related-party exposures, valuation impacts from credit deterioration, and escalation of material credit risks.

9.2.5 The Credit Risk Management Framework should be approved by the Governance Committee, or another appropriate governance body under the Private Credit Manager's governance arrangements.

9.2.6 The Credit Risk Management Framework may include:

(a) underwriting standards, approval thresholds and delegated authorities;

(b) borrower due diligence requirements;

(c) security and collateral assessment;

(d) concentration parameters, including for related-party or related borrower exposures;

(e) risk rating methodologies;

(f) monitoring, review, challenge, escalation and reporting processes; and

(g) default events and impairment recognition criteria.

9.3 Credit Assessment and Approval Standards

9.3.1 Private Credit Managers should maintain documented credit assessment and approval standards that support robust and consistent credit assessment, approval and risk classification.

9.3.2 Credit assessment and approval standards should be proportionate to the nature, scale and complexity of the relevant exposures.

9.3.3 Risk ratings, default classifications and impairment treatment should be applied consistently across Funds holding comparable exposures.

9.3.4 Delegations of authority should identify the persons, committees or governance forums responsible for approving new exposures, material increases, amendments, restructures, waivers, enforcement actions and recovery decisions, including when matters must be escalated.

9.3.5 Credit assessment and approval standards may address:

(a) borrower financial analysis and cashflow sustainability;

(b) security, collateral and recovery assumptions;

(c) covenant design and monitoring headroom;

(d) key risk factors and sensitivities;

(e) internal risk ratings;

(f) default classification and impairment recognition;

(g) methodologies for key credit metrics, such as LVR, including assumptions and valuation basis; and

(h) the treatment of projected or forward-looking values in credit assessment and monitoring.

9.3.6 Where LVR is used as a material risk metric in credit assessment or monitoring, the basis of valuation applied in the calculation should be clearly defined and documented, having regard to the strategy, structure and information reasonably available to the Private Credit Manager.

9.3.7 For Indirect Investment Structures, this may be based on underlying manager reporting, definitions and calculation approaches, having regard to the Private Credit Manager's role, level of control and information rights. Where look-through LVR inputs or assumptions are not reasonably available, Private Credit Managers should consider whether any material limitations should be documented or contextualised in investor reporting where LVR is used as a material risk metric.

9.3.8 Private Credit Managers should be cautious about relying solely on projected, estimated or "on-completion" values when assessing ongoing LVR. Where those values are used, good practice involves:

(a) documenting the basis for those values;

(b) applying conservative assumptions; and

(c) applying governance oversight to consider the risk of overstatement.

9.3.9 Where LVR is used as a material risk metric, for ongoing risk monitoring purposes, LVR should ordinarily be assessed by reference to the current "as at" valuation of underlying security, having regard to the strategy, structure and information reasonably available to the Private Credit Manager.

9.3.10 The Credit Risk Management Framework should specify:

(a) the methodology used for LVR calculation;

(b) the frequency of reassessment; and

(c) trigger events requiring LVR recalculation.

9.3.11 Good practice in LVR governance can include:

(a) calculating and monitoring both "as is" and "on completion" LVR for development exposures;

(b) applying conservative haircuts to projected completion values;

(c) escalating exposures where current "as at" LVR materially exceeds underwriting assumptions; and

(d) clearly distinguishing between underwriting LVR and ongoing monitoring LVR in investor reporting.

9.4 Concentration and Portfolio Construction

9.4.1 Private Credit Managers should monitor borrower, sector, geographic, rating, related-party, structural and security or collateral type concentration exposures, where relevant.

9.4.2 Concentration parameters or limits should be addressed within the Credit Risk Management Framework.

9.4.3 Related-party lending should be subject to appropriate independent review and governance oversight, having regard to Section 4 – Governance and Accountability and Section 10 – Conflicts of Interest.

9.4.4 Where material breaches of concentration parameters or limits occur, good practice involves escalation, documentation and consideration of whether investor disclosure is appropriate.

9.5 Monitoring and Watchlist Management

9.5.1 Private Credit Managers should maintain processes, or for Indirect Investment Structures oversee the application of underlying manager processes, to monitor borrower performance and covenant compliance on an ongoing basis.

9.5.2 Monitoring processes should provide for appropriate independence from investment origination, which may be achieved through the controls described in section 9.2.3.

9.5.3 Private Credit Managers should define and apply consistent arrears categories for private credit exposures, where arrears are a relevant measure of credit deterioration.

9.5.4 Arrears categories should be clearly documented within the Credit Risk Management Framework and applied consistently across comparable credit exposures.

9.5.5 Arrears categories should be sufficiently granular to distinguish between short-term payment delays and more prolonged delinquency.

9.5.6 Where interest is capitalised or no periodic contractual payment is due, arrears categories may be less relevant. In those cases, Private Credit Managers should consider alternative indicators of credit deterioration, such as:

(a) cost overruns;

(b) project delays;

(c) covenant breaches;

(d) valuation deterioration;

(e) increased LVR;

(f) refinancing risk; or

(g) failure to meet project milestones.

9.5.7 Private Credit Managers should define:

(a) watchlist categories and criteria;

(b) default triggers; and

(c) impairment escalation thresholds.

9.5.8 Where exposures are held by indirect investment structures, arrears, default, watchlist, impairment and similar credit metrics may be based on underlying manager definitions and reporting formats.

9.5.9 Where underlying manager definitions or reporting formats are used, material differences should be understood, documented where relevant and subject to appropriate governance oversight, without requiring the Private Credit Manager to impose uniform definitions or reporting formats across underlying managers or vehicles where it does not have the ability to do so.

9.5.10 Deteriorating exposures should be escalated through documented governance channels.

9.5.11 Escalation may include review by a Credit Committee or equivalent governance arrangement where the exposure is material, has migrated in risk rating, has moved to watchlist, or may require impairment, restructure, waiver, enforcement or recovery action.

9.5.12 Amendments, restructures and covenant waivers should be documented and approved through defined governance processes.

9.5.13 Good practice in monitoring transparency can include:

(a) Applying illustrative arrears reporting categories aligned to common market practice, such as 30 to 60 days, 60 to 90 days, 90 to 180 days and 180 or more days, where appropriate;

(b) conducting periodic watchlist reviews, with outcomes documented;

(c) monitoring trends in risk migration across the portfolio; and

(d) establishing escalation triggers linked to changes in covenant headroom or other indicators of credit deterioration.

9.6 Default and Impairment Recognition

9.6.1 Private Credit Managers should maintain a clearly defined and consistently applied framework for determining default, having regard to the nature of the relevant exposures and market practices.

9.6.2 Default classification should be subject to appropriate independence from investment origination, which may be achieved through the controls described in section 9.2.3.

9.6.3 Unless documented otherwise, the definition of Default should have regard to the definition set out in Section 2 – Definitions of this Guidance Note.

9.6.4 Where a Private Credit Manager adopts a different or modified Default definition, good practice involves:

(a) documenting the definition used, where material to credit monitoring, governance or investor reporting;

(b) applying the definition consistently in the relevant context, unless there is a documented reason for different treatment; and

(c) explaining the definition to investors where reasonably necessary to support investor understanding, including any material limitations on comparability.

9.6.5 The chosen Default definition should be applied consistently across comparable exposures and vehicles.

9.6.6 Impairment recognition, or negative revaluation following a deterioration in borrower performance, should be undertaken on a timely basis and should not be inappropriately delayed.

9.6.7 Where exposures exist across vehicles, impairment treatment should be applied consistently unless there is a documented rationale for a different approach.

9.6.8 Impairment decisions should be documented and subject to appropriate independent review, having regard to Section 6 – Valuation Governance.

9.6.9 Good practice in impairment governance can include:

(a) independent review of impairment decisions by valuation oversight bodies or other appropriate governance arrangements;

(b) reconciliation between internal risk ratings and accounting classifications, where relevant;

(c) periodic back-testing of realised recoveries against prior impairment assumptions; and

(d) transparent reporting of impaired exposures as a proportion of the invested portfolio, or another clearly defined portfolio measure, with the basis of calculation disclosed.

9.7 Default and Recovery Management

9.7.1 Private Credit Managers should maintain documented processes for the management of defaulted or materially deteriorating credit exposures.

9.7.2 A default and recovery management framework should address:

(a) criteria for classification of default;

(b) escalation thresholds;

(c) governance approval requirements for restructures or enforcement actions; and

(d) reporting requirements to senior management and relevant investment, credit, risk or Governance Committee.

9.7.3 Decisions relating to restructures, covenant waivers, amendments or enforcement should:

(a) be subject to authority that is appropriately independent of investment origination;

(b) consider recovery prospects;

(c) assess the impact on valuation under Section 6 – Valuation Governance;

(d) consider potential conflicts of interest under Section 10 – Conflicts of Interest; and

(e) be documented with supporting rationale.

9.7.4 Repeated waivers or restructures that may affect default classification or impairment recognition should be subject to appropriate governance oversight and documentation, including clear articulation of the rationale and consideration of investor outcomes.

9.7.5 Material recovery actions should be subject to independent oversight consistent with Section 4 – Governance and Accountability.

9.8 Construction and Development Lending (Where Applicable)

9.8.1 Where private credit exposures involve construction, development or pre-development lending, monitoring should address, where relevant:

(a) cost-to-complete assumptions;

(b) presale or revenue assumptions;

(c) actual progress against the original programme, including project milestone performance;

(d) actual drawdown and forecast drawdown compared with the original drawdown profile, including impacts on interest calculations; and

(e) changes in underlying security values.

9.8.2 Where LVR is calculated by reference to projected completion value, Private Credit Managers should:

(a) monitor cost overruns and delays, including impacts on interest calculations;

(b) reassess LVR where project assumptions materially change; and

(c) consider whether an updated “as at” valuation is required.

9.8.3 Where LVR or another credit metric is calculated by reference to collateral, security or asset value, Private Credit Managers should consider whether internal governance materials or investor reporting should identify the valuation basis, valuation date, source of valuation, inspection basis, whether the valuation was prepared for the borrower, lender, Fund or another party, and any material assumptions or limitations. For development or construction exposures, relevant information may include whether the valuation is prepared on an “as is”, “as if complete”, completed value, loan-to-cost or other basis.

9.8.4 Material deterioration in project or feasibility cashflow assumptions should trigger reassessment of both credit risk and valuation under Section 4 – Governance and Accountability and Section 6 – Valuation Governance.

10. Conflicts of Interest

10.1 Conflicts Management Framework

10.1 Private Markets Managers should maintain and implement a documented conflicts management framework that is consistent with applicable law and relevant regulatory guidance, and appropriate to the nature of their private markets activities.

10.2 The conflicts management framework should support the identification, assessment, management, monitoring, escalation and disclosure of actual, potential and perceived conflicts of interest arising in connection with the management of Funds.

10.3 The conflicts management framework should be subject to periodic review and appropriate governance oversight.

10.4 The conflicts management framework should also be reviewed where material changes to the Private Markets Manager's structure, strategy, activities, Funds, new product launches or other developments materially alter its conflicts profile.

10.5 For existing structures, implementation may involve reviewing current conflicts and related-party arrangements, strengthening documentation, oversight and escalation on a prospective basis, and recording any material limitations where existing contractual or structural arrangements cannot reasonably be amended.

10.2 Identification of Conflicts

10.2.1 In applying the conflicts management framework, examples of conflicts that may be relevant in private markets activities include:

(a) related-party arrangements;

(b) cross-fund transactions or allocations;

(c) co-investment structures;

(d) fee or remuneration arrangements involving affiliates, including where they may affect valuation, impairment or asset management decisions;

(e) valuation processes;

(f) asset transfers;

(g) financing arrangements or secured borrowing arrangements;

(h) subscription, redemption, liquidity management or investor reporting arrangements;

(i) multiple exposures to the same borrower, asset or counterparty across Funds;

(j) investment in vehicles sponsored, managed or originated by related entities; and

(k) personal interests of staff that may give rise to an actual, potential or perceived conflict in relation to private markets activities.

10.2.2 Private Credit Managers should give particular consideration to conflicts that may arise in credit decision-making, including loan structuring, refinancing, covenant waivers, restructures, enforcement and recovery decisions.

10.3 Governance and Oversight of Conflicts

10.3.1 Material conflicts should be documented, assessed and subject to appropriate governance oversight.

10.3.2 Oversight of material conflicts may be undertaken by the Governance Committee, a conflicts committee or another appropriately senior governance body.

10.3.3 Governance arrangements should support arm's-length outcomes and assist the Private Markets Manager to demonstrate how investor interests have been considered.

10.3.4 Documentation should record how material conflicts are identified, assessed, challenged, managed and resolved.

10.3.5 Where a material conflict relates to a valuation matter, lending decision, restructure, waiver, enforcement action, recovery decision, related-party transaction, in-specie transfer, cross-fund trade or asset transfer, good practice involves considering whether additional oversight is appropriate. This may include independent review, independent valuation input, benchmarking, conflicts committee review, Governance Committee approval or another form of effective challenge.

10.4 Allocation and Fair Treatment

10.4.1 Allocation policies should be documented where:

(a) multiple Funds pursue similar strategies;

(b) co-investment opportunities are offered; or

(c) the same borrower or asset is relevant to more than one Fund.

10.4.2 Allocation decisions should be made consistently with documented policy and in a manner that supports fair treatment of investors across Funds, having regard to outcomes over time.

10.4.3 Where deviations from allocation policy occur, good practice involves documenting the rationale and applying appropriate governance oversight.

10.4.4 Allocation approaches may result in different outcomes for individual transactions where those approaches are consistent with documented policy and support fair treatment of investors over time, including where differences arise due to operational, structural or tax considerations.

10.5 Related-Party Transactions

10.5.1 Where a Fund enters into a transaction with, or which benefits, a related party, the Private Markets Manager should consider:

(a) whether the transaction is conducted on arm’s-length terms or otherwise supports fair investor outcomes;

(b) whether independent review, benchmarking or approval mechanisms are appropriate;

(c) whether the rationale for the transaction has been documented; and

(d) whether investor disclosure is appropriate, having regard to materiality, confidentiality, commercial sensitivity and applicable law.

10.5.2 Where related-party transactions are material, governance materials should record the basis on which the transaction was assessed, including any valuation, benchmarking, conflict management or investor outcome considerations. Where a type or category of related-party transaction has already been disclosed to investors and approved through the Private Markets Manager’s governance arrangements, further investor disclosure may not be required unless the transaction, or class of transactions, is materially different from what has previously been disclosed or may materially affect investor outcomes.

10.5.3 Additional governance oversight may be appropriate where a related-party transaction involves an interposed vehicle, SPV, warehousing arrangement, related-party lending arrangement, asset transfer between Funds, or a material economic benefit retained by the Private Markets Manager, its affiliates or another Related Party.

10.6 Disclosure of Conflicts

10.6.1 Disclosure relating to material conflicts should assist investors to understand the nature, extent and potential impact of the conflict, including, where relevant, the occurrence or prevalence of related-party transactions.

10.6.2 Where conflicts are disclosed, disclosure should describe, where relevant:

(a) the nature of the conflict;

(b) the commercial benefits to the parties involved;

(c) the potential impact on investors; and

(d) the controls or governance arrangements implemented to manage the conflict.

10.6.3 Disclosure should not rely solely on generic statements that conflicts may arise.

10.6.4 Disclosure may need to be more specific where the conflict involves a related-party transaction, cross-fund transaction, related-party lending arrangement, interposed vehicle, SPV-level arrangement or material economic benefit retained by the Private Markets Manager or its affiliates.

10.6.5 Good practice in conflict oversight for private credit activities can include:

(a) establishing a conflicts review committee or other governance arrangements that incorporate independent oversight;

(b) considering External Valuation Input, external independent review, benchmarking or other independent challenge for material conflicted transactions, including related-party transactions, in-specie transfers, cross-fund trades, asset transfers, related-party lending or SPV-level arrangements;

(c) providing reporting to the Governance Committee or equivalent governing body on cross-fund exposures to common borrowers or counterparties;

(d) undertaking periodic review of allocation frameworks, including external review where appropriate; and

(e) applying enhanced governance oversight to related-party lending arrangements, warehousing structures or SPV-level arrangements where conflict risk is elevated.

FSC Guidance Note No. 57

11. APPENDIX A: Reference Materials Informing and Supporting FSC Guidance Note 57 and FSC Standard 30

The materials listed in this Appendix are reference materials that, in addition to this Guidance Note, may assist Private Markets Managers in applying FSC Standard 30. They do not displace applicable law, accounting standards or professional obligations, and are not incorporated as standalone requirements of FSC Standard 30 unless expressly stated.

ASIC Regulatory Guidance and Reports

- Report 814 – Private Credit in Australia (**Link**)
- Report 820 – Private Credit Surveillance: Retail and Wholesale Funds (**Link**)
- Report 821 – Private capital market reporting: Global practices and lessons (**Link**)
- Report 823 – Advancing Australia's evolving capital markets: Discussion paper response report (**Link**)
- Regulatory Guide 45 – Mortgage schemes: Improving disclosure for retail investors (**Link**)
- Regulatory Guide 46 – Unlisted property schemes: Improving disclosure for retail investors (**Link**)
- Regulatory Guide 181 – AFS licensing: Managing conflicts of interest (**Link**)

APRA Prudential Standards and Guidance

- Prudential Standard SPS 530 – Investment Governance (**Link**)
  - Prudential Practice Guide SPG 530 – Investment Governance (**Link**)

Valuation, Accounting and Industry Standards and Guidance

- IOSCO, Recommendations on Valuing Collective Investment Schemes, June 2026 (**Link**)
- IOSCO, Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes, May 2025 (**Link**)
- In developing and applying valuation practices, Private Markets Managers may have regard to valuation, accounting, professional and industry standards and guidance relevant to the asset class, Fund structure and jurisdiction, including where applicable:
  - Australian Property Institute, *Rules of Professional Conduct* (**Link**)
  - Australian Property Institute, *Guidance Papers* (**Link**)
  - International Valuation Standards Council standards (**Link**)
  - International Private Equity and Venture Capital Valuation Guidelines (**Link**)
  - AASB 13 *Fair Value Measurement* (**Link**); and
  - AASB 9 *Financial Instruments* (**Link**).

FSC Resources

- FSC Standard 1 – Code of Ethics & Code of Conduct (**Link**)
- FSC Standard 30 – Private Markets Best Practice Principles (**Link**)
- FSC Standard 31 – Wrap Superannuation Platform Trustee Investment and Adviser Governance Principles: Standard and Better Practice Guidance (**Link**)
- FSC Guidance Note 47 – Presentation of Past Performance Information and Visual Promotion (**Link**)
- FSC Target Market Determination Templates (**Link**)