

## **ASIC CLASS ORDER [07/123]**

### **EXPLANATORY STATEMENT**

Prepared by the Australian Securities and Investments Commission

*Corporations Act 2001*

Subparagraph 1020F(1)(c) – Variations

The Australian Securities and Investments Commission (ASIC) makes Class Order [CO 07/0123] *Variation of Class Order [CO 05/683]* under s1020F(1)(c) of the *Corporations Act 2001* (the Act).

Section 1020F(1)(c) provides that ASIC may declare that Pt 7.9 applies in relation to a person or a financial product, or a class of persons or financial products, as if specified provisions were omitted, modified or varied as specified in the declaration.

#### **1. Background**

In June 2005 ASIC made Class Order [CO 05/683] *Dollar disclosure: further transitional relief*. [CO 05/683] gives transitional relief for issuers of deposit products (and related non-cash payment facilities) and general insurance products from the dollar disclosure requirements until 1 July 2006.

On 19 June 2006 ASIC extended the relief given by [CO 05/683] until 31 March 2007: see Class Order [CO 06/476] *Variation of Class Orders [CO 05/681] and [CO 05/683]*.

On 14 August 2006, the Parliamentary Secretary to the Treasurer announced that the Government proposed to introduce regulations on specific dollar disclosure requirements for general insurance products.

#### **2. Purpose of the Class Order**

[CO 07/0123] continues the current transitional dollar disclosure relief under [CO 05/683] for a further 15 months. Its purpose is to provide certainty for general insurance providers and prevent the imposition of unreasonable compliance burdens, while the Government finalises proposed regulations tailoring dollar disclosure requirements for general insurance products.

[CO 07/0123] does not extend the transitional relief for basic deposit products (and related non-cash payment facilities). In 2005 the Government introduced reg.7.9.07FA into the Corporations Regulations 2001. Regulation 7.9.07FA provides that product disclosure statements are not required for certain specified products in recommendation, issue or sale situations. The specified products include basic deposit products and related non-cash payment facilities. In these circumstances, there is no need to extend relief for basic deposit products (and related non-cash payment facilities).

### **3. Operation of the Class Order**

[CO 07/0123] extends the operation of [CO 05/683] until 30 June 2008 for general insurance products only. This preserves the unconditional relief from the dollar disclosure regime for general insurance product disclosure statements for a further 15 months.

### **4. Consultation**

ASIC consulted with the Treasury before [CO 07/0123] was made. ASIC consulted generally with the relevant industry association. ASIC did not conduct more extensive consultation because [CO 07/0123] is of a minor and machinery nature.