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**FINANCIAL SERVICES CONSUMER PROTECTION FRAMEWORK  
EXTENDED TO SUPERANNUATION BORROWING ARRANGEMENTS**

The Minister for Financial Services, Superannuation and Corporate Law, Chris Bowen MP, today announced that the Government proposes to amend the *Corporations Regulations 2001* to provide that certain borrowing arrangements by superannuation fund trustees permitted by the *Superannuation Industry (Supervision) Act 1993* (the SIS Act) are financial products under the *Corporations Act 2001*.

"The amendments will extend the Government's consumer protection framework to cover certain superannuation borrowing arrangements such as instalment warrants and thereby help protect the savings of fund members," Minister Bowen said.

"The measure will ensure that only licensed financial services providers offer these arrangements to superannuation funds."

To allow product providers time to adjust to the new arrangements, the Regulations would come into effect three months after being made.

"The proposal builds on the Government's other initiatives in financial consumer protection that I have previously announced, including margin lending reform and the introduction of simplified Product Disclosure Statements for a range of financial products," Mr Bowen said.

As required by the Corporations Agreement, the Commonwealth will consult the States and Territories about the proposed amendments. The amendments will require the approval of the Governor General in Executive Council, and this will be sought as soon as possible.

The Minister also announced today that the Government proposes to amend the tax law so that a superannuation trustee who enters into a limited recourse borrowing arrangement to purchase an asset, as permitted under subsection 67(4A) of the SIS Act, will be treated as the owner of the asset for income tax purposes.

"The changes will ensure that trustees of superannuation funds who have entered into permitted limited recourse borrowing arrangements will not face CGT obligations at the time the last instalments are paid," Mr Bowen said.

This proposal complements the announcement today by the Assistant Treasurer, Senator Nick Sherry that the Rudd Government plans to amend the tax law to confirm the practice of treating the investor in an instalment warrant over a single exchange traded security in a company, trust or stapled entity as the owner of the listed security for income tax purposes.

The income tax amendments will apply for assessments for the 2007-08 and later income years.

Initial consultation will be undertaken on the design of these tax amendments with a consultation paper providing further information about this proposal available at [www.treasury.gov.au](http://www.treasury.gov.au).

"The Government is also aware of some areas of uncertainty with borrowing arrangements made under the SIS Act and is considering the issues involved," Minister Bowen said.

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