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Australian Prudential Regulation Authority (APRA)
Via email: superannuation.policy@apra.gov.au

Proposed class exemption: Approval to own or control an RSE licensee

The Super Members Council (SMC) thanks APRA for the opportunity to make a submission to this consultation. SMC represents the collective interests of over 12 million Australians with more than \$1.6 trillion in retirement savings managed by profit-to-member super funds. Our mission is to advocate for an efficient, well-governed super system that delivers the best retirement for members.

SMC supports APRA's proposed class exemption for management and company secretaries with small (<2%) holdings in RSE licensees, as it streamlines governance, reduces associated costs and ultimately maximises member returns. However, in light of recent regulatory action concerning the collapsed schemes Shield and First Guardian, SMC considers that the operation of this exemption may warrant further review at a later stage.

Profit-to-member funds operate under their own unique operating model, where equal representation boards are appointed by employee and employer groups, or members. This contrasts with retail funds which are operated as or by for-profit financial institutions, such as banks or investment firms, which manage multiple discrete APRA-registered funds under a single RSE licensee within a corporate group structure.

While SMC broadly supports APRA's proposed class exemption as an example of reduced regulation, there is a potential risk that the proposed exemption could interact with existing structural conflicts in parts of the retail sector.¹ Retail funds commonly operate on a for-profit basis and may have ownership and mandate arrangements with related parties, creating inherent tensions between maximising shareholder returns and delivering optimal outcomes for members. If ownership and control settings are relaxed, there is a risk of incremental increases in undue influence over RSE licensees, which could compound these existing conflicts over time.

The proposed exemption, narrowly targeted at management employees and company secretaries with direct holdings below 2 per cent, is unlikely on its own to materially increase member risk. In segments of the market already characterised by structural conflicts and related-party arrangements, any change that reduces visibility over ownership interests and influence should be accompanied by strong expectations for transparency and ongoing supervisory scrutiny. Close monitoring of how the exemption operates in practice will be important to ensure that it does not, in aggregate, weaken protections for members or dilute the effectiveness of the ownership and control regime.

SMC notes that the risks associated with the exemption are likely mitigated by APRA's robust regulatory oversight of RSE licensees' governance through established prudential standards. APRA's supervisory powers, including ongoing monitoring, enforcement actions, and the ability to intervene in ownership matters exceeding the 15% threshold or involving associates, further safeguard the system without relying on approvals for minor <2% direct interests.

SMC considers APRA's proposal as a step toward red tape reduction, noting that consumer protections are crucial to Australia's super system. SMC recommends that the proposal be reviewed within a reasonable timeframe of two years. This timeframe would be sufficient for APRA to assess the effectiveness of the exemption and allow observation of real-world implementation. It also balances regulatory caution with burden reduction within timeframes that align with common post-implementation review practices.

¹ ASIC, [Inquiry into ASX Group](#), Interim Report, December 2025, paragraphs 1.3.1 and 1.3.2



About the Super Members Council

We are a strong voice advocating for the interests of 12 million Australians who have over \$1.6 trillion in retirement savings managed by profit-to-member super funds. Our purpose is to protect and advance the interests of super fund members throughout their lives, advocating on their behalf to ensure super policy is stable, effective, and equitable. We produce rigorous research and analysis and work with Parliamentarians and policy makers across the full breadth of Parliament.