



**ASIC**  
Australian Securities &  
Investments Commission

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and Investments Commission**

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13 November 2020

Mr Jason Lange  
Executive Director  
Office of Best Practice Regulation  
Department of the Prime Minister and Cabinet  
1 National Circuit  
BARTON ACT 2600

Email: [helpdesk@obpr.gov.au](mailto:helpdesk@obpr.gov.au)

OBPR ID: 21231

Dear Mr Lange

**Regulation Impact Statement (RIS) – final assessment second pass**

I am writing in relation to the attached Regulation Impact Statement (RIS) examining proposals of the Australian Securities and Investments Commission (ASIC) to make changes to its policy settings for regulating time-sharing schemes. The regulatory burden to business and individuals has been quantified using the Regulatory Burden Measurement framework. A regulatory offset has not been identified. However, ASIC is seeking to pursue net reductions in compliance costs and will work with affected stakeholders and across the portfolio to identify regulatory burden reductions where appropriate.

I refer to your letter of 17 April 2020 providing advice on ASIC's first pass Regulation Impact Statement – Review of policy settings for regulating time-sharing schemes (First Pass RIS) and to subsequent communications between the Office of Best Practice Regulation (OBPR) and ASIC about amendments necessary to meet the RIS requirements.

I am satisfied that the RIS addresses the concerns raised in your letter of 17 April 2020 and the further detailed comments provided in the attachment to the letter. Specifically, the RIS addresses the following:

1. **Net benefits to consumers** – While acknowledging the difficulty quantifying the benefits for consumers of the proposed changes to our policy settings, the RIS provides a deeper analysis of the significance of the benefits to and anticipated impacts on consumers. The RIS does this by:
  - a. comparing the regulatory costs with the potential savings derived by consumers who do not purchase an interest in a time-sharing scheme;
  - b. using the total number of members who exited time-sharing schemes under informal hardship arrangements to demonstrate the potential benefit to consumers of the formal hardship arrangements; and

- c. using the total number of members to demonstrate the potential benefit to consumers from new requirements targeting the dilution of interests in points-based schemes.
2. **Related finance providers** – The RIS has been amended to provide more information about related finance providers and to explain that they are a feature of the time-sharing scheme industry.
3. **Operation of proposed formal hardship arrangements** – The RIS has been amended to provide more information about the operation of the proposed formal hardship arrangements, as aligned with ASIC’s standard hardship arrangements. The RIS also sets out the hardship criteria, confines the circumstances hardship will be available and provides the scheme operators with discretion to approve hardship applications having regard to the best interests of scheme members. The RIS also addresses the potential regulatory costs associated with convening any necessary meetings of members and making any necessary amendments to scheme constitutions. The RIS explains the potential regulatory burden on industry from these changes.
4. **Impact analysis** – The RIS has been amended to provide more information on the impact of the proposed changes on ASIC and other parts of government.
5. **Conclusion and recommended option** – The RIS leverages the deeper analysis of the net benefit to consumers to clarify why revised Option 1 is the recommended option.
6. **Consultation** – The RIS has been amended to provide more information on the consultation undertaken in 2017 and 2018 and about recent consultation with industry on a ‘fatal flaws’ basis about the legislative instrument to implement the proposed policy settings.
7. **Implementation** – The RIS has been amended to provide more information on the proactive steps we propose to take to ensure the revised settings are implemented in practice.

The regulatory impact of the preferred option has been quantified and agreed with your office at \$3.36 million over 10 years.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the *Australian Government Guide to Regulation*.

I submit the RIS to the Office of Best Practice Regulation for formal final assessment.

Yours sincerely



Rhys Bollen  
Senior Executive Leader, Investment Managers  
Australian Securities and Investments Commission