

Rest Super Submission – Enhancing oversight and governance of managed investment schemes

February 2026

Rest welcomes the opportunity to provide a submission in response to the consultation paper on *Enhancing oversight and governance of managed investment schemes*.

Rest is one of Australia’s largest profit-to-member superannuation funds, with over two million members – or around one-in-seven working Australians – and around \$105 billion in assets under management (as at 31 December 2025). We represent around one million members under the age of 30, who are decades from retirement. Many of our members work in part-time or casual jobs which can make it harder to build super consistently over their working lives. We put our members’ needs at the centre of everything we do, and we are deeply committed to maximising the retirement outcomes of our members.

We welcome the Government’s commitment to consider stronger consumer protections, with the objective of protecting consumers becoming victims of product failures. We note that the Government’s intent is to consult on a range of measures to minimise consumer harm, and this consultation paper represents only one part of that consultation process.

Executive Summary

Recent product failures of Managed Investment Schemes (MISs) including Shield and First Guardian have raised serious concerns about consumer protections in the Australian super system, in particular where members in APRA-regulated funds have been targeted to prompt switching outside the APRA regulated sector. This has increased pressure on the Compensation Scheme of Last Resort (CSLR), originally designed as a genuine last resort safety net for victims of financial misconduct, but now facing escalating costs to compensate members in whole product collapses.

Rest believes that members’ interests are best served in a structure where there is clear accountability by trustees for the fund, products and services provided to members. Structures, including MISs, that separate platform trustees from platform management and the scheme create complexity and a lack of clarity regarding accountability for the underlying consumer as well as for regulators. This also creates circumstances where compensation in the event of failure may be avoided by certain participants, resulting in increased burden on the CSLR. We therefore recommend that Government consider whether outsourced trustee models are appropriate in the light of recent failures.

We note that the number of members switching super out of APRA regulated superannuation funds into more other structures with higher cost, complexity and potentially risks, including platform based super funds and self-managed super funds has accelerated, and this presents risks to members, in particular those with lower balances and lower financial literacy.

Rest believes there are a range of options to strengthen the regulation and oversight of MISs, platforms and associated products, with a view to regulate to the same standard as Responsible Superannuation Entities (RSEs). Such options may include extending regulatory responsibility to a parent entity, broadening the CSLR levy base to include MISs, reviewing *ASIC Regulatory Guide 148* and options for heightened regulation, and considering the role of further regulation of MISs and associated products.

In the first instance, in our [2026-27 Pre-Budget Submission](#), Rest has recommended that Government fast track a comprehensive package of consumer safeguards to respond to emerging risks in the consumer landscape revealed by the Shield and First Guardian collapses, including:

- Reviewing regulation and considering the future suitability of outsourced trustee models.
- Strengthening regulation of platforms and associated products.
- Extending anti-hawking rules to lead generation practices.
- Requiring fund/product comparison sites to obtain an AFSL for providing limited or general advice.
- Commencing the development of a standardised investment product labelling framework that applies consistent risk categories and descriptors across comparable options, enabling clear, like-for-like member comparison and improved consumer understanding.

In respect of this consultation paper, our detailed comments are in relation to proposed enhancements to ASIC's visibility of superannuation switching, which in this context we understand to be in relation to consumers transferring out of one fund into another.

As members of both the Association of Superannuation Funds of Australia (ASFA) and the Super Members Council (SMC), we are supportive of the submissions put forward to this consultation by both those organisations, noting the SMC has put forward views in relation to proposals relating to MIS oversight.

Rest supports ASIC having greater visibility of superannuation switching behaviour and trends, with a view to ASIC increasing oversight and regulatory enforcement to protect consumers from harm. This should be undertaken without placing a disproportionate administrative burden on participants who are not involved in misconduct.

We have concerns regarding the increased obligations as described in the consultation paper in regard to reporting 'suspicious or anomalous patterns of behaviour.' These concerns relate to:

- assumptions about the information that is available to superannuation trustees for the purposes of identifying these behaviours, and
- the operational practicalities of how rollovers out ('switching' in the context of this paper) are dealt with by superannuation funds.

Comments on *Enhancing ASIC's visibility of superannuation switching*

The proposal in the consultation paper would 'place an obligation on superannuation trustees to report to ASIC suspicious or anomalous patterns of behaviour, which the trustee reasonably considers could place their membership at risk of significant detriment.'

This obligation makes assumptions that superannuation trustees are in a position to make judgements about a range of risks that consumers may be subject to, including the nature of the product they are entering into and the way in which advice may have been provided.

We note that in recent high-profile examples, the product failures were investment options available to the consumer within a platform or wrap environment. When executing a request from a member to switch out of the fund into another, in most cases, the superannuation trustee does not have information as to the investment options or product the member will be invested into in the destination fund. The information available to the sending superannuation trustee is generally only the fund-level information.

In a similar circumstance to the recent failures, therefore, the superannuation trustee would not have sufficient information to assess for 'suspicious or anomalous behaviour,' which raises questions as to the potential effectiveness of this kind of positive obligation.

We believe that, overall, the proposal is unclear about how trustees would be expected to identify or assess behaviour and therefore how trustees would be expected to act on any proposed obligation to report those behaviours. Elements such as whether individual member actions, or trends across the collective membership, are 'triggers' for reporting, and what behaviours superannuation trustees should be alert to, would need to be considered in detail before contemplating this obligation.

Furthermore, in the current operational environment, in excess of 95% of switches out of a fund are conducted electronically, initiated by the recipient fund, and straight-through processed, following completion of any risk controls for financial crime and anti-money laundering prevention.

In this environment, identifying 'behaviour' is problematic. Superannuation trustees are likely to not have information on where the member received advice, or what other factors initiated the decision to switch out. These limitations mean that superannuation trustees have limited ability to identify predatory behaviours, or members that may be at risk of them, contrary to what is contemplated by the consultation paper proposal. Combined with limited information on the destination product as outlined above, they will face significant barriers to assessing 'suspicious or anomalous patterns of behaviour' in a timely or effective way.

Conclusion

In light of the comments above, while very supportive of increased consumer safeguards being enacted as soon as possible, Rest is not supportive of Proposal 6 as currently contemplated in the consultation paper. We believe the measure as proposed would be difficult to define, and would potentially impose significant cost and complexity, without a clear member benefit, into an environment that has been strongly focused on efficient execution of member requests.

We believe that the focus of regulatory initiatives to enhance consumer safeguards should be on *preventing* consumers from being directed into products that are inappropriate for their needs, and outside a well-regulated environment managed by superannuation trustees with a clear fiduciary obligation to act in the best financial interests of members.

We look forward to further consultation on further elements of the full scope of proposals that seek to enhance consumer safeguards.

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