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MEDIA RELEASES

APRA imposes additional licence conditions on Diversa Trustees

Tuesday 24 January 2023



The Australian Prudential Regulation Authority (APRA) has imposed additional licence conditions on Diversa Trustees Limited (Diversa).

Diversa has approximately 320,000 members and more than \$11 billion in funds under management.

The new registrable superannuation entity (RSE) licence conditions are designed to address prudential concerns in relation to:

- the adequacy of Diversa's resources to manage risks and meet regulatory and compliance obligations;
- heightened inherent business risks driven by the complex structure and operations of Diversa; and
- concerns regarding the ability of Diversa to deliver quality member outcomes, including in relation to high fees and poor investment performance.

The additional licence conditions also seek to codify recommendations of a third party review of Diversa's operating model, which included matters relating to governance, risk management, and outsourcing and oversight.

Under the terms of the new licence conditions, which came into force on 23 January, Diversa is required to:

- enhance its governance and risk frameworks, with a particular focus on third party service providers;
- improve member outcomes through the development and implementation of a plan to address persistently high fees; and
- conduct an independent review to ensure that APRA's concerns have been adequately addressed.

APRA Deputy Chair Margaret Cole said the licence conditions set baseline expectations for independent trustees in the industry.

"The inherent complexity of the independent trustee model, with one trustee having oversight over a substantial number of funds, sub-funds and products, requires significant resourcing to ensure quality member outcomes.

"These licence conditions set the minimum standard for governance, risk, outsourcing and oversight, and member outcomes to ensure that Diversa is in the best position to continue as a trustee in the long term," Ms Cole said.

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The Australian Prudential Regulation Authority (APRA) is the prudential regulator of the financial services industry. It oversees banks, mutuals, general insurance and reinsurance companies, life insurance, private health insurers, friendly societies, and most members of the superannuation industry. APRA currently supervises institutions holding around \$9 trillion in assets for Australian depositors, policyholders and superannuation fund members.

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