

## Hardship Policy

<b>File Name</b>	4.7.2 Hardship Policy
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This policy document sets out the basis on which Catholic Development Fund Diocese of Maitland-Newcastle (**CDF**) will determine whether "exceptional circumstances" that may lead to financial hardship exist that would warrant the early release of funds to Non-Associate Retail Clients (**retail investor**).

### 1. Legal requirements

- (a) The CDF is regulated under the APRA Banking Exemption No 1 of 2017 and ASIC Corporation (Charitable Investment Fundraising) Instrument 2016/13.
- (b) The ASIC instrument defines an associate client, and this has been varied by the CDF, as:
  - a) a body constituted by or under the authority of a decision of the Diocese or which is controlled by the Diocese;
  - b) a person or body that constituted the Diocese or under whose authority the Diocese was constituted or that controls the Diocese;
  - c) a Diocese with a charitable purpose (related charitable purpose) which is the same as or similar to the Diocese;
  - d) a person acting as a trustee of a trust for the Diocese or a charity with a related charitable purpose;
  - e) a member of clergy or employee who works for a person mentioned in any of paragraphs (a) to (d);
  - f) a person undertaking training or education to enable them to be a person mentioned in paragraph (e).

All other clients will be treated by the CDF as non-associate retail clients.

- (c) The CDF is not permitted to issue "short term investment products" to retail investors. The consequence of this is that retail investors that have invested with the CDF have to provide at least 31 days' notice or await maturity before all or part of their funds can be repaid to them (subject to

the terms and conditions of the relevant product, which may have a longer notice period).

- (d) However, the above does not apply (that is, repayment can be made at any time) if the CDF is satisfied that the repayment to the investor would alleviate financial hardship that the investor is suffering or would suffer.
- (e) This hardship provision only applies if the retail investor is an individual(s).
- (f) Any early repayment made by the CDF under this exemption must be:
  - (i) made following a written request from the retail investor to the CDF requesting early repayment on the grounds of financial hardship; and
  - (ii) in accordance with the provisions of this policy document.

## 2. "Exceptional circumstances"

- (a) The Banking Exemption No.1 of 2017 provides that early repayment is permitted if a retail investor is subject to "exceptional circumstances" that may lead to hardship.
- (b) The requirement for "exceptional circumstances" is that the hardship should be some unforeseen and substantial event that has affected or will affect the retail investor. Such circumstances could include:
  - (i) sudden and substantial medical expenses or significant health or medical problem;
  - (ii) death in the family;
  - (iii) natural disaster;
  - (iv) litigation or other unforeseen legal expenses; or
  - (v) other factors resulting in unforeseen change in the retail investor's capacity to meet their payment obligations to third parties or to sustain their usual living conditions, whether through a reduction in income or through an increase in non-discretionary expenditure.
- (c) Circumstances under which the CDF should reject a request for early repayment due to financial hardship:
  - (i) if the hardship is not financial in nature;

- (ii) if the hardship has not yet occurred and will not likely occur within 31 days after the request for payment or before the maturity of a fixed term investment;
  - (iii) if the retail investor requiring an early repayment for non-hardship reasons, (e.g. to make an investment elsewhere with the funds, or as discretionary spending);
  - (iv) if the retail investor could be financially supported by some other means if the early repayment is not made (e.g. if a retail investor has been made redundant from his or her employment but could sustain himself or herself from the redundancy pay for a period of at least 31 days or until the fixed term investment matures);
  - (v) if the evidence of hardship provided by the retail investor is contradictory or incomplete; or
  - (vi) the retail investor is otherwise unable to demonstrate to the CDF (acting reasonably) that he or she is or will likely suffer hardship if the early repayment is not made.
- (d) The hardship provisions require the retail investor to be subject (or potentially subject) to financial hardship. Therefore, any potential hardship has to affect the retail investor directly. It would not be appropriate to allow early repayment in circumstances where the hardship is experienced by someone who is not the retail investor.
- (e) Provided that the CDF is satisfied (acting reasonably) that the retail investor is or will be subject to exceptional circumstances that may lead to hardship if early repayment is not made, it will not be required to investigate further into each request. For example, the CDF is not required to exhaustively investigate whether the retail investor has any other means of financial assistance to alleviate the hardship other than early repayment of the funds.

### 3. Procedure

- (a) A written request from a retail investor requesting the early repayment of their funds should be accompanied by sufficient information and/or documents to allow the CDF to assess the situation. This may include:
- (i) explaining the nature of the financial hardship that the retail investor is experiencing or may experience, including how soon they require the repayment of the funds;
  - (ii) if the financial hardship has not yet occurred and will not likely occur within 31 days after the request for early repayment or before the maturity of a fixed term investment, providing

sufficient information to allow the CDF to determine the likelihood of the hardship occurring if the early repayment does not occur;

- (iii) disclosing whether there are any other sources of money that the retail investor will have access to for the purposes of alleviating the hardship if the request for early payment is denied;
  - (iv) explaining why the repayment needs to be made within 31 days of the request or before maturity; and
  - (v) providing documentation that would assist with evidencing the hardship.
- (b) Each request for early repayment under the hardship provisions must be assessed on a case by case basis by the Office Manager, acting reasonably and pursuant to the provisions of this policy. The office manager may ask further questions or request further information from investors when assessing each request.
- (c) When the Office Manager assesses a request, he or she should take into account the investor's ability to maintain their usual standard of living if the request is not accepted and, if relevant, may assess an investor's income against other financial commitments and basic living expenses.
- (d) The Office Manager should respond to the investor within 2 business days of receipt of the request and assess the request as soon as reasonably practicable. The investor should be informed as soon as reasonably practicable as to whether their request for early repayment has been accepted by the CDF or not once sufficient information has been received by the CDF.

All recommendations of early repayment of funds to retail investors due to hardship should be approved by the Fund Manager, CEO or Head of Finance.