

**ACCOUNTING PROFESSIONAL & ETHICAL STANDARDS BOARD LIMITED**  
**MINUTES OF THE 5<sup>th</sup> MEETING OF APES 230 FINANCIAL ADVISORY SERVICES**  
**TASKFORCE**

**28 January 2010 from 2:00 – 3:00pm**

**Teleconference**

**1. Present and Apologies**

Present:

Mr Channa Wijesinghe (Chairperson), Mr Hugh Elvy, Mr Robert M.C. Brown, Ms Suzanne Haddan, and Ms Keddie Waller (alternate for Mr Michael Davison)

In Attendance:

Ms Kate Spargo, Ms Rozelle Azad, and Mr Erik Hopp

Apologies:

Mr Reece Agland, Mr Michael Davison, and Mr Harry Moyle

**2. Minutes of previous meeting**

The minutes of the 4<sup>th</sup> Financial Advisory Services Taskforce meeting held on 24 November 2009 were accepted without amendment.

**3. Discussion on Proposed Principles to be addressed in APES 230 Financial Advisory Services**

Definitions

- The following minor point was raised:
  - Financial advice - Margin lending, which is currently included at bullet point 5 should be moved to bullet point 1.
- Taskforce discussed the definition of fiduciary relationship, in particular the requirement to “always put their Client’s best interests first.” As currently drafted this implies that the client’s interest overrides the public interest. The taskforce agreed that there are three interests for the member to consider when performing these financial advisory engagements: public interest, client’s interest and then self interest (in descending order of importance)
- The standard requires that the member adopt a fee for service model in relation to professional fees. The fee for service definition specifically excludes commissions and asset based percentage fees. Accordingly, references to commissions throughout the draft should be removed for consistency with the definition of fee for service.

## Other Principles

- A taskforce member queried why professional independence was not addressed as part of the fundamental principles. Technical staff explained that generally independence applies to Members in Public Practice and arises from the fundamental principles of integrity and objectivity when applied with professional scepticism.
- Taskforce members were of the view that the proposed standard should clearly distinguish between independence as defined in the law and independence as defined in APESB professional standards.
- A taskforce member noted that the financial arrangement whereby accountants receive shares in dealer groups needs to be addressed by the standard.

## **5. Other items discussed**

- Taskforce members noted that there will be a need to develop a transition process for members who provide financial advisory services. The taskforce agreed that the transition process is a significant matter for consideration and may need to be considered concurrently with the development of the proposed standard.

## **6. Way forward**

- APESB technical staff to make changes to the principles document based on the discussions held at the taskforce and thereafter circulates it to the taskforce for further comments. The revised principles document will be presented to the February 2010 APES Board meeting.

## **7. Close of meeting**

The next meeting of the taskforce will be at a future date to be determined.