

28 August 2010

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Dear Sir/Madam

### **Comment on ED 02/10 Proposed Standard APES 230**

We are writing to express our disappointment with both the substance of the abovementioned policy as well as the lack of member consultation in coming to this conclusion. While improving professionalism across the financial planning industry is a goal all advisers should aspire to, we absolutely reject the assumption that providing asset management fee financial planning services is at odds with this conclusion.

We have considered our position within Nexia Court Financial Solutions carefully in coming to this conclusion, spurred on by the following implications:

1. A loss of revenue from existing clients, particularly for those clients who have stated a preference to initiate services with our firm on a commissions and asset management basis, and signed service agreements on this basis
2. Currently, asset management fees provide an element of 'mutual objectives' with the client as fees rise and fall with the value of the portfolio itself (with non advice assets removed from the calculation). In my view, this is an important foundation for ensuring the fiduciary relationship is maintained and conflicts of interest minimised.
3. The proposed change will put our firm at a disadvantage to other non accounting financial planning firms who will have the benefit of providing services under an asset management fee basis on an ongoing basis.

In our view, the clear objective that the industry should be targeting is clear, client driven advice (rather than commercially driven product advice).

How a firm chooses to remunerate itself (as a client driven fee) should be of lesser concern than making substantive efforts towards addressing the nature of the advice that is given to clients across the financial planning industry.

We would be more supportive of efforts to achieve such an outcome in order to differentiate accounting based financial planning firms from the rest of the industry.

### **Conclusion**

Unfortunately, the Accounting Professional & Ethical Standards Board (APESB), through APES230, creates an unnecessarily difficult commercial impediment for all accounting based financial planners.

The impact of the Ripoll recommendations to be implemented across the board from 2012 are very substantive and importantly, will ensure a level playing field for all firms from a remuneration perspective. We believe these recommendations should be mirrored for APES230 for all accounting based financial planning firms.

Therefore, we believe that the exposure draft should be amended to remove the ban on percentage based asset management fees and commissions relating to personal risk products.

Yours sincerely,



Craig Wilford  
Director