

From: Shayne Dumbrell
Sent: Tuesday, 10 August 2010 7:24 AM
To: Financial Planning
Subject: Exposure Draft APES 230 Financial Advisory Services

Dear Hugh,

I read the exposure draft with interest as and commend the exposure draft for the following reasons:

1. Clearing explaining the future for Chartered Accountants in Financial Services and creating a very strong point of difference in the market place to Commission/ Asset Based fee Financial Advisers
2. Clearing explaining the requirements of a Chartered Accountant to operate in business with the associated links to the Industries standard for Marketing Professional Services, Terms of Engagement and Dealing with Client Monies. I make this point as I asked these questions many years ago and the Institute was not able to help, this now makes it very clear.
3. Clearing explaining the what is required for Professional Independence, Terms of Advice, Reporting the Financial Advice, document quality etc.

I find all this information a breath of fresh air from the Institute. Thank you.

Now may I request the following in the next steps

1. Impact on these terms on Chartered Accountants as Members in Business as employed financial planners or members of a dealer group. Specifically, what is the policy of the ICAA where these members in business work for or in a dealer group who charge commissions / Assets based fees. (Personal Note: With all the changes in the industry I sold my practice and moved to Orange NSW, and took a role with Westpac Financial Planning. They currently have commissions/ asset based fees and see no change in the immediate future. What does this means for me over the long term)
2. Is the ICAA able to provide information on the fee for service modules to explain
 - a. The cost of Financial Services to the client and how advice fees is only part of the total cost. Case study to include
 - i. What the costs of Financial Services?
 - ii. What each party involved in Financial Services does for the fee?
 - iii. How the client benefits from the services of each party?
 - b. Difference between Fee for Service and Commission/ Asset based fees in a manner the client can understand and explaining the fiduciary duty to clients
 - c. Different type of Fee for Services models
 - i. Hourly rate
 - ii. Retainer model
 - iii. Hybrid
 - iv. Others to be advised

- d. Case studies on models and how the fee are collected from the client and the annual payment statement.
3. Is the ICAA aware of the Dealer Groups who have accepted this Fee for Service model and support the changes and / or does this change mean ICAA members in will need to take out their own licence?
 - a. Can ICAA gather information and provide consulting advice such as a survey of dealer groups with information on those that do accept the Fee for service model?
 - b. Can ICAA provide case studies on what is required to obtain and operate under your own licence? Including
 - i. Licensing requirements (does this vary where non commissions or advice fees charged)
 - ii. Compliance requirements
 - iii. Support service requirements and list of providers
 1. Research for Investments
 2. Insurance (non commission)
 3. Compliance providers
 4. Professional indemnity cover
 5. Planning software providers
 6. Etc
 4. Where a Chartered Accountant provide Financial Advice that includes tax advice, will they be required to obtain a Tax Agent certificate. If so what is involved and how can the ICAA assist?
 5. Where a Chartered Accountant provides Financial Advice that includes Lending or Debt, they will not be able to accept a commission. Is the ICAA aware of groups regulated under the Australian Credit Licence who provide lending on this bases.
 - a. Can ICAA gather information and provide consulting advice such as a survey of Australian Credit Licencee's with information on those that do accept the Fee for service model?
 - b. Can ICAA provide case studies case studies on what is required to obtain and operate under your own licence? Including
 - i. Licensing requirements (does this vary where non commissions or advice fees charged)
 - ii. Compliance requirements
 - iii. Support service requirements and list of providers
 1. Research for lending
 2. Compliance providers
 3. Professional indemnity cover
 4. Planning software providers
 5. etc
 6. Where a Chartered Accountant meets all of these requirements, will the ICAA provide the ICAA in Financial Services with marketing and promotional material
 - a. Explaining the Fiduciary Duty to the client
 - b. Explaining the point of difference
 - c. Explaining the fee for service modules

This is all my feedback. Trust it is useful.

Regards

Shayne Dumbrell