

AGENDA PAPER

Item Number: 9
Date of Meeting: 17 June 2025
Subject: Project Update on APES 230 *Financial Planning Services*

☒ **Action required** ☐ **For discussion** ☒ **For noting** ☐ **For information**

Purpose

To provide an update to the Board on the APES 230 *Financial Planning Services* (APES 230) project.

Background

APES 230 was issued in April 2013 and became effective on 1 July 2014, except for provisions relating to professional fees and third-party payments, which became effective a year later on 1 July 2015. APES 230 was revised in December 2019 (effective 1 July 2020) to align with the restructured Code, change the timing of written consent to continue charging fees on a percentage basis from biennial to annual and remove the expired transitional provisions.

Since APES 230 was first issued, the financial planning industry has undergone ongoing legislative and regulatory changes. APESB Technical Staff have monitored the changes and provided updates to the Board on the following:

- the Technical Staff's assessment of retail versus wholesale clients and the Australian Reform Commission's (ALRC) review of the financial services legislation (September 2021 Board meeting ([Agenda Item 6](#)).
- the cessation of the Financial Adviser Standards and Ethics Authority (FASEA), with ASIC's Financial Services Credit Panel (FSCP) becoming the single disciplinary body for financial advisers, including the FASEA Code, the transfer of the FASEA Code to Treasury, the commencement of Treasury's Quality Advice Review and the ALRC's first Interim Report (March 2022 Board meeting ([Agenda Item 7](#)).
- the Quality of Advice Review Final Report (QAR Final Report) led by Ms Michelle Levy, the Government's likely response to the QAR Final Report and the ALRC's Interim Report B Financial Services Legislation (May 2023 Board meeting ([Agenda Item 10](#)).
- the Government's initial response to the QAR Final Report and the release of the Delivering Better Financial Outcomes (DBFO) package (August 2023 Board meeting ([Agenda Item 10](#)).

- the Government's final response to the QAR Final Report and the release of the Australian Law Reform Commission (ALRC) Final Report (March 2024 Board meeting ([Agenda Item 8](#))).
- the enactment of the *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Act 2024* (DBFO Act) representing the first tranche of Government legislation (September 2024 Board meeting ([Agenda Item 4](#))).

Matters for Consideration

Changes to legislation and regulations in the financial planning industry continue to evolve. This paper sets out some of the key developments since the last update on APES 230 was provided to the Board at the September 2024 Board Meeting.

Delivering Better Financial Outcomes (DBFO) Package

The DBFO package is the Government's response to the 22 recommendations from the [QAR Final Report](#), with an initial response on 13 June 2023 ([Tranche 1](#)) and the final response on 7 December 2023 ([Tranche 2](#)). The Government's positions on QAR recommendations were presented at the Board meetings in August 2023 ([Agenda Item 10 \(a\)](#)) and March 2024 ([Agenda Item 8 \(a\)](#)).

Tranche 1

In July 2024, [Tranche 1](#) reforms were progressed via the [Treasury Laws Amendments \(Delivering Better Financial Outcomes and Other Measures\) Act 2024](#) (DBFO Act). The DBFO Act implements 11 of the Government's response to QAR recommendations 7, 8, 10, 13.1-13.5 and 13.7-13.9.

Technical Staff presented a summary of Tranche 1 legislation for these QAR recommendations at the September 2024 Board meeting ([Agenda Item 4 \(a\)](#)).

Schedule 1 of the DBFO Act introduced amendments covering the deduction of advice fees from superannuation (Part 1), streamlined ongoing fee arrangements and consent requirements (Part 2), increased flexibility in the Financial Services Guide (Part 3), revised provisions on conflicted remuneration (Part 4), and new standardised consent requirements for insurance (Part 5).

In response to the DBFO Act, ASIC [announced](#) changes to its legislative instruments and updated its regulatory guidance. In November 2024, ASIC [released](#) four new information sheets and revised two regulatory guides to help financial advisers comply with new legislative requirements.

Further details about the DBFO Act, including transitional periods and regulatory guidance updates are available on the ASIC [website](#).

Tranche 2

In July 2024, the Government [announced](#) their plan to develop [Tranche 2](#) legislation in the second half of 2024. Tranche 2 will address the Government's response to QAR recommendations 3 (Relevant Providers), 4 (Good Advice Duty), 5 (Statutory Best Interests Duty), 6 (Superannuation Advice) and 9 (Statement of Advice).

Ensuring Australians can access safe, quality and affordable financial advice

On 4 December 2024, the Government announced further details on its Tranche 2 reforms. Further details were provided on the new class of financial adviser that will be restricted to providing advice on products issued by prudentially-regulated entities. They will be prevented from providing advice on more complex topics, such as establishing a self-managed superannuation fund or advising on a managed investment scheme, through a blacklist to be prescribed in regulations. Further details are available in the Treasury's [Media Release](#) and [Fact Sheet](#).

The Federal Government creating a better pathway for financial advisers.

On 10 February 2025, the Government announced further plans to reform the current education pathway for financial advisers and address adviser shortages by creating a sustainable path for new advisers to enter the profession. In addition, as advisers are already registered by their authorising AFS licensees under Stage 1, the Government will cancel Stage 2 of the annual registration with ASIC, removing unnecessary red tape for individual advisers. Further details are available in the Treasury's [Media Release](#) and [Fact Sheet](#).

Improving access to affordable and quality financial advice

On 21 March 2025, the Government [released](#) draft [Treasury Laws Amendment Bill 2025: Delivering better financial outcomes](#) (draft legislation) for consultation until 2 May 2025.

The draft legislation addresses the first components of Tranche 2 legislation, including QAR recommendations 6 (Superannuation Advice) and 9 (Statement of Advice), as set out below:

- *Schedule 1: Advice Through Superannuation* – provide clear rules on what advice topics can be collectively charged for via superannuation.
- *Schedule 2: Targeted prompts for superannuation members* – allow superannuation funds to provide targeted prompts to members to drive greater engagement with superannuation at key life stages.
- *Schedule 3: Client Advice Records* – replace the Statement of Advice with a more fit-for-purpose Client Advice Record.

The Government also announced [additional consultation](#) on the implementation of *Schedule 1: Advice Through Superannuation* and the drafting of new provisions in the *Superannuation Industry (Supervision) Regulations 1994*. The Government specifically requested feedback on the clarity of three draft lists proposed for inclusion in the regulation, as outlined below:

- *Allowed topics list* – covers specific topics that relate to a member's interest in the fund for the purpose of providing collectively charged advice.
- *Allowed circumstances list* – covers the broader personal circumstances that a trustee may consider when providing members with collectively charged advice.
- *Disallowed topics list* – covers specific topics that do not relate to a member's interest, and in which trustees would not be able to provide advice on these topics collectively.

As part of the announcement, the Government reaffirmed its commitment to developing further draft legislation to address the new class of adviser (QAR recommendation 3) and to modernise the best interests duty (QAR recommendations 4 and 5). These changes will be consolidated with the previously released draft legislation into a single package.

Former Financial Services Minister Stephen Jones said: “*The Government continues to develop legislation to modernise the best interests duty and create a new class of adviser. Reforming the best interests duty and removing the safe harbour steps will provide advisers with confidence to deliver appropriately scaled advice. The new class of advisers is also vital to allowing life insurers, financial advice licensees, superannuation funds, and other institutions to expand the supply of quality and affordable advice to consumers.*”

Minister Jones added: “*These remaining pieces will be consulted on and combined with the draft legislation released today to be introduced into Parliament as a single package. The whole package works together to expand access to affordable, quality financial advice.*” Read the Treasury’s [Media Release](#).

Technical Staff have summarised the key legislative developments, including the DBFO Act, against the Government’s positions on the 22 recommendations from the QAR Final Report. Refer to Agenda Item 9 (a).

New Assistant Treasurer and Financial Services Minister

Appointment of new Assistant Treasurer and Financial Services Minister

Following the May 2025 election, [Dr Daniel Mulino](#) was appointed Assistant Treasurer and Financial Services Minister, succeeding Stephen Jones, who retired. Dr Mulino previously chaired the House of Representatives Standing Committee on Economics (2022-2025) and served in the Victorian Parliament, including as Parliamentary Secretary to the Victorian Treasurer (2014-2018). Read the Treasurer’s [Media Release](#).

Financial Planners and Advisors Code of Ethics 2019 – Review of FASEA Code

The FASEA Code will be reviewed following the implementation of the DBFO package to ensure that it aligns with the Government’s reforms to financial advice and remains fit-for-purpose. As the reform is still underway, with the first components of Tranche 2 legislation under consultation, Technical Staff will continue to monitor developments relating to the FASEA Code.

Australian Law Reform Commission (ALRC) - Financial Services Law Simplification

The Australian Law Reform Commission (ALRC) have undertaken an inquiry into simplifying the legislative framework for corporations and financial service regulations. The ALRC issued three Interim Reports: [Interim Report A](#), [Interim Report B](#), and [Interim Report C](#). Refer to updates provided to the Board in March 2022 ([Agenda Item 7](#)) and May 2023 ([Agenda Item 10](#)).

The [ALRC Final Report](#), issued on 18 January 2024, contains all 58 recommendations made by the ALRC, including the 23 recommendations previously released in the Interim Reports. To date, 13 recommendations from the Interim Reports have been implemented in full or in part. Refer to updates presented at the March 2024 Board meeting ([Agenda Item 8](#)).

At the time this Agenda Paper was written, the Government had not yet responded to the ALRC Final Report. Technical Staff will continue to monitor any developments relating to this inquiry.

Impact on APES 230 *Financial Planning Services*

In [Agenda Item 8](#) of the March 2024 Board meeting, Technical Staff conducted a high-level assessment of the recommendations from the ALRC Final Report and DBFO package, identifying three key areas that could impact APES 230:

a) *To reform the Statement of Advice (recommendation 9 of the DBFO Package)*

As noted in this paper, the Government recently [released](#) draft legislation for consultation as part of the Tranche 2 reforms. The proposal includes replacing the Statement of Advice (SOA) with a more fit-for-purpose Client Advice Record (CAR), aimed at reducing the cost of advice while ensuring clients receive helpful and accessible information.

Schedule 3: Client Advice Records in draft legislation outlines the following key requirements:

- A new definition for 'Client Advice Record' which refers to section 946A in the *Corporations Act 2001* (item 1).
- New content requirements for CAR, including scope, advice, reasons, costs to the client, benefits from the provider, details of the providing entity and information whether the providing entity is an authorised representative (section 946C and section 947D).
- Specifying timing requirements for providing a CAR, which is at the time or as soon as practicable after the advice is provided, and before any further financial services relating to the advice are provided. This includes any relevant warnings regarding advice based on incomplete or inaccurate information as outlined in section 961H of the *Corporations Act 2001* (section 946C(1) and section 946C(2)).
- Defining exceptions where a CAR is not required in certain situations, including a new definition called 'further personal advice' (section 946B and section 946BB).
- Modified record-keeping requirements to enable materials to be readily assessable to the licensee when requested (section 912G).

Given these changes, potential revisions to APES 230 may include adding a new definition of 'Client Advice Record' and removing the extant definition of 'Statement of Advice'.

Once the proposed legislative changes are finalised, Technical Staff will need to assess their impacts on the extant APES 230 requirements in Section 5: *Terms of the Financial Planning Services*, Section 6: *The basis of preparing and reporting Financial Planning Advice*, and Section 11: *Documentation and quality control*.

b) *To modernise the Best Interests Duty (recommendations 4 and 5 of the DBFO Package)*

In March 2025, the Government [announced](#) it will continue developing Tranche 2 legislation to modernise the best interests duty and create a new class of adviser. To date, the Government has not yet released the proposed legislation for these changes.

c) *To have a single definition of "Financial Product" and "Financial Service" in the Corporations Act 2001 (recommendation 31 of the ALRC Final Report)*

The Government is yet to respond to the ALRC Final Report issued in January 2024. Technical Staff will continue to monitor this review and its impact on APES 230.

As the Government continues its consultation on Tranche 2 legislations, Technical Staff will monitor the developments noted in this paper to determine whether any revisions to APES 230 are required.

Impact on small and medium practices (SMPs)

There are no proposed changes to APES 230 at this stage, and therefore, there will be no impact on SMPs from a professional standards perspective. Technical Staff will continue to monitor these changes and consider their effects in any future deliberations related to APES 230.

Way Forward

Technical Staff propose to continue monitoring the legislative and regulatory environment in financial planning. The Board will receive further updates during future meetings.

Recommendations

That the Board note the update on the APES 230 project.

Materials Presented

Agenda Item 9 (a) Review of DBFO Act to QAR Recommendations

Authors: Jacinta Hanrahan
 Ann Chang

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