

Proposed Standard: APES 230 Financial Advisory Services

Prepared and issued by
Accounting Professional & Ethical Standards Board Limited

EXPOSURE DRAFT XX/10

ISSUED: (XX 2010)

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Commenting on this Exposure Draft

Comments on this Exposure Draft should be forwarded so as to arrive by **XX XXXX**.

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A copy of all submissions will be placed on public record on the APESB website: www.apesb.org.au.

Obtaining a copy of this Exposure Draft

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Reasons for issuing Exposure Draft ?

To be written.

Key requirements and guidance in ED ?

To be written.

Proposed operative date

It is intended that this Standard will be operative from **XX XXXX XX**.

Request for comments

Comments are invited on this Exposure Draft of APES 230 *Code of Financial Advisory Services* by **XX XXXX**. APESB would prefer that respondents express a clear overall opinion on whether the proposed Standard, as a whole, is supported and that this opinion be supplemented by detailed comments, whether supportive or critical, on any matter. APESB regards both critical and supportive comments as essential to a balanced view of the proposed Standard.

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1. Scope and application

- 1.1 Accounting Professional & Ethical Standards Board Limited (APESB) issues professional standard APES 230 *Financial Advisory Services (the Standard)*, which is effective for Engagements or Assignments commencing on or after **<insert date>**. This Standard supersedes APS 12 *Statement of Financial Advisory Services*. Earlier adoption of this Standard is permitted.
- 1.2 APES 230 sets the standards for Members in the provision of quality and ethical Financial Advisory Services. The mandatory requirements of this Standard are in **bold-type (black lettering)**, preceded or followed by discussion or explanations in normal type (grey lettering). APES 230 should be read in conjunction with other professional duties of Members and any legal obligations that may apply.
- 1.3 **Members in Australia shall follow the mandatory requirements of APES 230 when they provide Financial Advisory Services. Members in Business shall follow the mandatory requirements of APES 230 to the extent to which they are not prevented from so doing by specific requirements of an Employer or an Australian Financial Service Licensee.**
- 1.4 **Members practising outside of Australia shall follow the mandatory requirements of APES 230 to the extent to which they are not prevented from so doing by specific requirements of local regulations and/or laws.**
- 1.5 **Members shall be familiar with relevant Professional Standards and guidance notes when providing Professional Services. All Members shall comply with the fundamental principles outlined in the Code.**
- 1.6 The Standard is not intended to detract from any responsibilities which may be imposed by law or regulation.
- 1.7 All references to Professional Standards are references to those provisions as amended from time to time.
- 1.8 In applying the requirements outlined in APES 230, Members should be guided not merely by the words but also by the spirit of the Standard and the Code.

2. Definitions

For the purpose of this Standard:

Acceptable Level means a level at which a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances available to the Member at that time, that compliance with the fundamental principles is not compromised.

Assignment means an instruction, whether written or otherwise, by an Employer to a Member in Business relating to the provision of services by a Member in Business. However, consultations with the Employer prior to such instruction are not part of an Assignment.

Australian Credit Licence means a licence that authorises the licensee to engage in particular credit activities as defined in the *National Consumer Credit Protection Act 2009*.

Australian Financial Services (AFS) Licence means a licence to provide Financial Services under Chapter 7 of the *Corporations Act 2001*.

Authorised Representative means an authorised Representative as defined in the *Corporations Act 2001*.

Client for the purposes of this Standard means an individual, firm, entity or organisation to which *Financial Advisory Services* are provided by a Member in respect of Engagements or Assignments of either a recurring or demand nature (APES)

Code means APES 110 *Code of Ethics for Professional Accountants*. (APES)

Commission means all monetary amounts received from a third party, an Australian Financial Services Licensee or an Employer in respect of placement or retention of Client funds or business, and/or purchases or sales of financial and/or risk products, and includes trails and Soft-Dollar Benefits (NZ)

Credit Representative means a credit Representative as defined in the *National Consumer Credit Protection Act 2009*.

Employer within the context of this Standard means an entity or person that employs, engages or contracts a Member in Business.

Engagement means an agreement, whether written or otherwise, between a Member and a Client relating to the provision of Professional Services by a Member. However, consultations with a prospective Client prior to such agreement are not part of an Engagement. (APES)

Fee for Service means Professional Fees determined by taking into consideration a range of factors which include the complexity of the Engagement or Assignment, the required skills and knowledge, the level of training and experience of the Member and the Member's staff, the degree of responsibility applicable to the work such as risk and the time to be spent on the Engagement.

Fee for Service does not include Commissions, percentage based asset fees, trailing Commissions, trailing fees, production bonuses, or other forms of remuneration that are calculated by reference to product sales or the accumulation of funds under management (whether paid by a third party such as a product manufacturer or a Client)

Fiduciary means the Member's role when providing a Financial Advisory Service to a Client, which includes acting in utmost good faith, in a manner that the Member reasonably believes to be in the Client's interest. (NZ)

Fiduciary Relationship means the relationship of trust and confidence created by the existence of Fiduciary duties which is imposed on the Member as part of their professional obligations to act on behalf of a Client. In these circumstances the Member shall always put the Client's interests ahead of the Member's interests. (NZ)

Financial Advice includes but is not limited to:

- i. Providing advice on financial products such as shares, managed funds, master funds, wrap accounts, margin lending facilities and life insurance carried out pursuant to an Australian Financial Services License;
- ii. The taxation aspects attaching to such advice;
- iii. Dealing in financial products as defined in section 766C of the *Corporations Act 2001*;

- iv. Providing advice that does not require an Australian Financial Services Licence, such as real estate and non-product related advice on financial strategies or structures; and (APS12)
- v. Providing advice and Professional Services related to the procurement of loans and other lending arrangements, including credit activities regulated under the *National Consumer Credit Protection Act 2009*. (APS 12 adapted)

Financial Advisory Service means an Engagement or Assignment where a Member provides Financial Advice in respect of the Client's personal financial affairs specifically related to wealth management, retirement planning, personal risk management and allied advice. (APS12 adapted)

Firm means:

- (a) A sole practitioner, partnership, corporation or other entity of professional accountants;
- (b) An entity that controls such parties through ownership, management or other means;
- (c) An entity controlled by such parties through ownership, management or other means; or
- (d) An Auditor-General's office or department.

(APES)

Member means a Member of a Professional Body that has adopted this Standard as applicable to their membership, as defined by that Professional Body. (APES)

Member in Public Practice means a Member, irrespective of functional classification (e.g. audit, tax or consulting) in a Firm that provides Professional Services. The term is also used to refer to a Firm of Members in Public Practice and means a practice entity as defined by the applicable Professional Body. (APES)

Professional Bodies means the Institute of Chartered Accountants in Australia, CPA Australia and the National Institute of Accountants (APES)

Professional Fees means the amounts billed or to be billed by a Member on account of Professional Services performed or to be performed by the Member. (APES)

Professional Independence means:

- (a) Independence of mind - the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional scepticism; and
- (b) Independence in appearance - the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a Firm's, or a Member of the Engagement team's, integrity, objectivity or professional scepticism has been compromised. (APES 110) (note that definition was changed from just "Independence" as a result of potential legal issues arising from s923A of the Corporations Act)

Professional Services means services requiring accountancy or related skills performed by a Member including accounting, auditing, taxation, management consulting and financial management services. (APES)

Representative means an Authorised Representative of an AFS Licensee, an employee or director of an AFS Licensee, an employee or director of a related body corporate of the Licensee or any other person acting on behalf of the AFS Licensee. (APS12)

Soft Dollar Benefits means all monetary and, other than insignificant, non-monetary benefits received by a Member from parties other than the Client pursuant to the performance of a Financial Advisory Service. They do not include:

- i. fees derived directly from the Client in respect of the Financial Advisory Service; and
- ii. referral fees received in the course of referring a Client to other service/product providers, disclosed to the Client by the Member (NZ)

Statement of Advice (SoA) means Statement of Advice as defined in the *Corporations Act 2001*. (APS12)

Terms of Engagement means the terms and conditions that are agreed between the Client and the Member in Public Practice for the Engagement. (APES)

3. Fundamental responsibilities of Members

3.1 A Member providing a Financial Advisory Service shall comply with Section 100 *Introduction and Fundamental Principles* of the Code and relevant law. (APES 350 paragraph 3.1)

Public interest

3.2 In accordance with Section 100 *Introduction and Fundamental Principles* of the Code, a Member shall observe and comply with the Member's public interest obligations when the Member provides a Financial Advisory Service. (APES 350 paragraph 3.3)

Integrity

3.3 A Member providing a Financial Advisory Service shall comply with Section 110 *Integrity* when performing Professional Services.

Objectivity

3.4 A Member providing a Financial Advisory Service shall be objective in accordance with Section 120 *Objectivity* of the Code. The Member shall maintain an impartial attitude and recommend options that meet the Client's interests consistent with this Standard and the requirements of the law. (APES 220 paragraph 3.4)

Conflicts of interests and objectivity of Members in Public Practice

3.5 Members in Public Practice shall comply with Section 220 *Conflict of Interest* and Section 280 *Objectivity – All Services* of the Code. (APES 215 paragraph 3.4)

Professional competence and due care

- 3.6 A Member providing a Financial Advisory Service shall maintain professional competence, take due care and act in a timely manner in the performance of the Member's work in accordance with Section 130 *Professional Competence and Due Care* of the Code. (APES 330 paragraph 3.6)
- 3.7 Where a Financial Advisory Service requires the consideration of matters that are outside the professional expertise of a Member, the Member shall seek expert assistance or advice from a suitably qualified third party, or decline the Financial Advisory Service. Where the Member relies on the advice of a third party, the Member shall disclose in any reports or other relevant communications the name and qualifications of the third party and the areas in which third party advice has been obtained. (APES 330 paragraph 3.7)
- 3.8 When planning to use the work of a suitably qualified third party, a Member shall assess the professional competence and objectivity of that third party, the appropriateness and reasonableness of the work performed, and the Professional Fees charged. (APES 330 paragraph 3.8)
- 3.9 In undertaking a Financial Advisory Service, a Member should consider any guidance issued by the Professional Bodies and appropriate regulatory authorities. (APES 330 paragraph 3.10)

Confidentiality

- 3.10 In accordance with Section 140 *Confidentiality* of the Code, a Member who acquires confidential information in the course of a Financial Advisory Service for a Client or Employer shall not use that information for any purpose other than the proper performance of that Financial Advisory Service. (APES 330 paragraph 3.11)
- 3.11 Unless the Member has a legal obligation of disclosure, a Member shall not convey any information relating to a Client's or Employer's affairs to a third party without the Client's or Employer's permission. (APES 225 paragraph 3.11)
- 3.12 When providing Financial Advisory Services, an Australian Financial Service Licensee whom the Member represents is not deemed to be a third party. (APS12)
- 3.13 Where a Client has given a Member permission to disclose confidential information to a third party, it is preferable that this permission is in writing. Where oral permission is obtained, a contemporaneous note should be made and kept on file by the Member recording the relevant details of the Client's approval. (APES 225 paragraph 3.12)
- 3.14 Where a Member provides confidential information in accordance with a legal obligation of disclosure, the Member shall notify the Client, Employer or relevant third party as soon as practicable, provided that there is no legal prohibition against such notification. (APES 225 paragraph 3.13)

Professional appointments

- 3.15 A Member in Public Practice who is approached by a potential Client to undertake a Financial Advisory Service shall comply with Section 210 *Professional Appointment* of the Code. (APES215 paragraph 4.2)

Marketing

- 3.16 A Member providing a Financial Advisory Service shall comply with Section 250 *Marketing Professional Services* of the Code. (APES 330 paragraph 3.12)

4. Fiduciary Responsibilities of Members

- 4.1 Where a Member provides a Financial Advisory Service to a Client a Fiduciary Relationship will exist between the Member and the Client. The relationship between the Member and the Client arises from the agreement reached between the Member and the Client concerning the nature and scope of the Financial Advisory Service. This relationship is characterised by a need for trust and confidence created by the Member's commitment to act on behalf of and in the interest of the Client. The respective positions of strength and vulnerability within this relationship place Fiduciary responsibilities upon the Member. (NZ FAES Paragraph A5 adapted)

- 4.2 A Member providing a Financial Advisory Service shall comply with the Member's Fiduciary obligations to the Client. The Member shall:

- a) put the Client's interests ahead of the Member's interests and the interests of a third party; and
- b) disclose to the Client matters relevant to the Fiduciary relationship, including disclosure of any actual or potential conflict of interests. (NZ FAES Paragraph 9 adapted)

- 4.3 Where a Member identifies an actual or potential conflict of interest, the Member shall implement appropriate safeguards to eliminate the conflict of interest or reduce it to an Acceptable Level. Where appropriate safeguards are not available to reduce the conflict of interest to an Acceptable Level, the Member shall decline to perform the Financial Advisory Service. (NZ FAES Paragraph 9 adapted)

- 4.4 The full extent of a Member's obligations deriving from the Fiduciary Relationship with a Client will depend on the particular circumstances of the Engagement or Assignment, the specific facts of their relationship with each Client, the extent of reliance and trust and the nature of the Financial Advisory Service. (NZ FAES Paragraph 10 and A6 adapted)

5. Professional Independence

- 5.1 When engaged to provide a Financial Advisory Service which requires Independence or purports to be independent, the Member shall comply with Independence requirements stipulated in applicable law, regulation and as defined in this Standard. (APES225 p 3.4)

5.2 Where a Member provides a Financial Advisory Service that is restricted in scope, including where the Financial Advice or expertise is restricted to particular areas, financial products or providers, the Member shall disclose the extent of those restrictions and the resulting effect on the Member's objectivity and/or Independence:

- (a)** prior to undertaking the Engagement or Assignment; and
- (b)** at the time the Financial Advice is provided to the Client.

(NZ FAES Paragraph 16 adapted)

5.3 A Member providing a Financial Advisory Service shall consider the potential threats created by personal and business relationships, the acceptance of monetary or other benefits, and other financial relationships, which by reason of their nature or degree, threatens the Member's objectivity and/or Independence.

6. Professional Engagement and other matters

6.1 A Member in Public Practice shall document and communicate the Terms of Engagement to provide the Financial Advisory Service in accordance with APES 305 *Terms of Engagement* and this Standard. (APES350 paragraph 4.1)

6.2 During the initial phase of a Financial Advisory Engagement, the Member shall disclose to a Client or a prospective Client the following:

- a)** the identity of the person or the entity responsible for providing the Financial Advice;
- b)** the nature and scope of Financial Advisory Services provided or offered;
- c)** significant factors that affect or may affect the Member's ability to provide Financial Advice to the Client on an objective and independent basis;
- d)** the details of and methodology used for determining Fee for Service;
- (e)** information about any actual, potential or perceived conflicts of interest that may affect the Member's Fiduciary Relationship with the Client;
- (f)** where the Member has adopted safeguards to manage or control any identified conflicts of interest, information about the nature of those safeguards and an explanation of the reasons why the Member considers those safeguards to be effective; and
- (g)** information about the nature and extent of any interests, associations or relationships, including family, contractual or agency relationships, whether of a financial nature or otherwise, that have the potential to affect the Member's relationship with the Client, or the Financial Advice provided to the Client.

Where the Financial Advisory Service is provided to a Client on an ongoing basis, the Member shall provide this disclosure to the Client on an annual basis. (NZ FAES Paragraph 46 adapted)

- 6.3 Where the matters referred to in paragraph 6.2 are available pre-engagement, this information should be documented in the Engagement document. In the event that the information is not available, the Member should advise the Client of this fact and document and communicate the remaining information as soon as it is available.
- 6.4 **A Member shall notify their respective Professional Body when the Member:**
- i) **Commence the holding of an AFS Licence;**
 - ii) **Cease to hold an AFS Licence;**
 - iii) **Become a Representative/Authorised Representative of an AFS Licensee; or.**
 - iv) **Cease as a Representative/Authorised Representative of an AFS Licensee.**
(APS12 adapted)
- 6.5 **Members shall provide the full name of the AFS Licensee and the AFS Licence number and the effective date of the change as part of the notification required under paragraph 6.4. (APS12 adapted)**

7. Engagement Performance

Basis for the Financial Advice

- 7.1 **A Member providing a Financial Advisory Service shall perform procedures that are adequate to establish a reasonable basis for the Financial Advice provided. When determining the procedures required, the Member shall exercise professional judgment to establish what is appropriate given the nature of the Financial Advisory Service, understanding of the Client's financial needs, objectives, priorities and relevant personal circumstances. (NZ FAES Paragraphs 58-60 adapted)**
- 7.2 **A Member providing a Financial Advisory Service shall establish the basis for the Financial Advice to be provided with reference to:**
- (a) **information provided by the Client and obtained from enquiries of the Client; and**
 - (b) **evaluation of the results of the research of alternative strategies and courses of action that can reasonably be expected to meet the Client's financial needs, objectives and priorities, including the relative effectiveness of the alternative strategies and courses of action. (NZ FAES Paragraph 78 adapted)**
- 7.3 **A Member who is providing a Financial Advisory Service shall clearly link the Financial Advice to:**
- (a) **the defined scope of the Financial Advisory Service;**
 - (b) **the Client's financial needs, objectives and priorities;**
 - (c) **the information provided by the Client;**
 - (d) **significant assumptions used to develop the Financial Advice ; and**
 - (e) **the analysis and evaluation of the Client's situation at the time of providing the Financial Advice. (NZ FAES Paragraph 80 adapted)**
- 7.4 A Member should carry out an overall assessment of whether the Financial Advice provided to the Client is likely to meet the overall objectives of being suitable in the context for which the Financial Advice is given and is appropriate for the Client's financial needs, objectives and priorities. This should involve an assessment of whether the Financial Advice, if acted upon by the Client, would be reasonably likely to satisfy critical aspects of the

Client's relevant personal circumstances, for example the client's need for regular income.
(NZ FAES Paragraph 79 adapted)

Use of Assumptions

7.5 When developing the Financial Advice a Member will make assumptions which may relate to Client specific information (such as retirement age, life expectancy and income needs) and relevant economic factors (such as inflation rates, tax rates, and investment returns).
(NZ FAES Paragraph 66 adapted)

7.6 **A Member providing a Financial Advisory Service shall agree all significant assumptions that are reasonably expected to impact upon the Financial Advice with the Client. The Member shall document the significant assumptions used to prepare or develop the Financial Advice.**
(NZ FAES Paragraphs 67 adapted)

Estimates, forecasts & projections

7.7 **Where a Member who is providing a Financial Advisory Service uses estimates, forecasts or projections in the Financial Advice, the Member shall ensure that those estimates, forecasts or projections are presented and communicated in a manner that avoids the implication of greater certainty than in fact exists.**
(NZ FAES paragraph 76 and APES 220 paragraph 6.2 adapted)

Incorrect or Misleading Information

7.8 **A Member shall not provide a Financial Advisory Service if the Member finds that information on which the Financial Advice is to be based contains false or misleading information or omits material information.** (APES220, paragraph 7.1)

7.9 **If a Member subsequently becomes aware that Financial Advice is based on false or misleading information, or is likely to have been based on false or misleading information, the Member shall take all necessary steps to withdraw the Financial Advice from use by the Client or any third parties to whom the Client has communicated the Financial Advice. The Member shall notify the Client, and any other third parties who have received the Financial Advice, that the Financial Advice has been withdrawn.** (NZ FAES paragraph 72 adapted)

Communicating the Financial Advice

7.10 **A Member who is providing Financial Advice shall:**

- (a) **communicate the Financial Advice to the Client in a clear, concise and effective manner; and**
- (b) **take reasonable steps to place the Client in a position to comprehend the Financial Advice provided, and the basis for the Financial Advice, to ensure that the Client can make an informed assessment about whether to act on the Financial Advice.**

(NZ FAES paragraph 85 adapted)

- 7.11 A Member who is providing a Financial Advisory Service to a Client shall summarise the following:**
- (a) the Financial Advice;**
 - (b) the basis of the Financial Advice, including all significant assumptions on which the Financial Advice is based upon;**
 - (c) the reasons why the Financial Advice is considered appropriate for the Client;**

(NZ FAES paragraph 86 adapted)

8. Client information, Client monies and other Client property

- 8.1 A Member in Public Practice who holds, receives or disburses Client monies, or operates a Client bank accounts shall comply with APES 310 *Dealing in Client Monies*.**

(NZ FAES paragraph 37 adapted)

- 8.2 A Member shall take reasonable steps to protect the security of Client information and Client property that is within the Member's control in accordance with applicable law, regulations and this Standard.**

(NZ FAES paragraph 38 adapted)

- 8.3 A Member shall return a Client's property, including personal records, to the Client upon request, or in accordance with the Terms of Engagement.**

(NZ FAES paragraph 39 adapted)

9. Professional Fees

- 9.1 A Member providing a Financial Advisory Service shall charge Professional Fees on a Fee for Service basis.**

- 9.2 A Fee for Service basis is considered to be consistent with the Fiduciary obligations of Members who provide Financial Advisory Services.

- 9.3 A Member shall not discount fees for initial Engagements or Assignments where there is the intention of recovering these discounts through higher charges or the provision of additional Professional Services in the future. (APS12)**

- 9.4 Paragraph 9.3 does not apply to the following situations:

- Discounted or pro-bono work where there are no further subsequent charges or the subsequent charging level is consistent with the Member's usual fee schedule(APS12); or
- Discounts on initial Financial Advice where it is expressly agreed with the Client and the full cost of all initial and ongoing Financial Advice is disclosed at the time of the initial Engagement (APS12).

- 9.5 A Member who is providing a Financial Advisory Service to a Client on an ongoing basis shall communicate with the Client annually on the basis of Professional Fees charged to the Client. (APS12p20.3– wording changed)**

- 9.6 A Member in Public Practice shall ensure that the Client receives a Client fee schedule containing:**
- i) A detailed description of all ongoing Financial Advisory Services offered;**
 - ii) A detailed description of all ongoing fees (including annual estimate); and**
 - iii) The basis for the calculation of Fee for Service. (APS12p20.4– wording changed)**
- 9.7 The obligation in paragraph 9.6 is deemed to have been met where Members who hold an AFS Licence or represent an AFS Licensee provide a compliant Statement of Advice containing the relevant information. (APS12p20.5– wording changed).
- 9.8 Subsequent to providing the initial Financial Advice if there is a material change to the basis upon which a Member's Professional Fee is calculated, then the Member shall prepare and send a new Client fee schedule to the Client. (APS12p20.6)**
- 9.9 Appendix 1 contains an example of best practice upfront fee disclosure for use as a guide. This should be varied according to individual requirements and circumstances. (APS12)
- 10. Non-Cash alternative remuneration benefits**
- 10.1 A Member shall not accept Non-Cash alternative remuneration benefits, including Soft Dollar Benefits. (APS12p21.1 – wording edited)**
- 10.2 Soft Dollar Benefits include all gifts or payments which may influence, or have the perception of influencing the provision of Financial Advice by a Member.
- 10.3 A Member shall not accept benefits, gifts or other incentives from a third party related either directly or indirectly to the provision of Financial Advice which include:**
- **Additional remuneration based on sales volumes unless they are rebated in full to the Client;**
 - **Preferential remuneration benefits received for the sale of in house financial products;**
 - **Free or subsidised office rental or equipment;**
 - **Free or subsidised computer hardware;**
 - **Free or subsidised computer software which is commercially available;**
 - **Free or subsidised attendance (including travel and accommodation), or sponsorship of, conferences or functions of one or more days duration, conducted by a third party, where the principal eligibility is based on or related to business volumes written or held;**
 - **Cash payments not directly attributable to a direct Client action; and**
 - **Gifts over \$300 in retail value individually or in aggregate for the year.(APS12 paragraph 21.3 adapted)**
- 10.4 Where a Member receives a benefit which is less than \$ 300, the Member shall record it in an alternative remuneration schedule. The Member shall record it within 10 business days of receipt and maintain the records for five years after the receipt of the recordable benefit. (APS12p21.4 wording of paragraph edited)**

- 10.5 A Member shall make the alternative remuneration schedule available for inspection upon request by Clients or Professional Bodies within 2 business days notice or as required by regulatory authorities. A Member shall include a specific reference to the availability of the alternative remuneration schedule in the Member's Financial Services Guide and Statement of Advice. (APS12 adapted)**
- 10.6 Members will be deemed to have satisfied the requirements of paragraph 10.5 if they use or rely on an equivalent document provided by the AFS Licensee they represent. (APS12)
- 10.7 Appendix 2 contains a sample alternative remuneration schedule for use as a guide. The schedule should be varied according to individual requirements and circumstances, but should record any alternative remuneration benefits that have been received by the Member. (APS12)

11. Documentation and quality control

- 11.1 A Member shall prepare working papers in accordance with this Standard that appropriately document the work performed, including aspects of the Financial Advisory Service that have been provided in writing. The documentation prepared by the Member shall:**
- (a) provide a sufficient and appropriate record of the procedures performed for the Financial Advisory Service;**
 - (b) the work undertaken provides a reasonable basis for the Financial Advice provided to the Client, including any recommendations accompanying the Financial Advice; and**
 - (c) demonstrate that the Financial Advisory Service was carried out in accordance with this Standard and other applicable Professional Standards, including policies and procedures established in accordance with APES 320 *Quality Control for Firms*, and any applicable ethical, legal and regulatory requirements. (APES 345 adapted)**
- 11.2 A Member who is providing a Financial Advisory Service shall document all relevant information concerning the Member's professional relationship with the Client, including:**
- (i) information relevant to the Fiduciary relationship with the Client; and**
 - (ii) information about how the Member has disclosed and addressed any conflict of interest arising in the course of the Client relationship or the Engagement/Assignment;**
(NZ FAES Paragraphs 83 and 84 adapted)

Conformity with International Pronouncements

The International Ethics Standard Board for Accountants (IESBA) has not issued a pronouncement equivalent to APES 230.

Appendix One - Sample fee disclosure

Appendix Two - Alternative remuneration schedule