

Summary of Specific comments tables 3, 4, 6, 7, 8 and 9

Purpose

To provide an update to the Board on the progress of the APES 230 project, seek guidance on the matters noted in Specific Comments Tables 3, 4, 6, 7, 8 and 9 and to table the analysis of the respondents' comments to the Exposure Draft.

Background

A total of 66 submissions were received from respondents which are organised in to general comments and specific comments tables. Comments from the 66 submissions are contained in a General Comments table and nine Specific Comments tables.

Table #	Content of Specific Comments Tables	Board Discussion Timeline for 2011
Table 1	Operative Date	January
Table 2	Conformity	January
Table 3	Scope and Application	March – Nov
Table 4	Definitions	March – Nov
Table 5	Professional Competence and Due Care	January
Table 6	Fiduciary responsibilities for Members	March – Nov
Table 7	Professional Independence Terms of Financial Advisory Services The basis of preparing and reporting Financial Advice	March – Nov
Table 8	Fee for Service	March – Nov
Table 9	Soft Dollar Benefits	March – Nov

Summary of specific comment tables

The following summary of specific comment tables highlights the respondents arguments for and against the matters identified, other comments and issues for further consideration.

Also refer to the Analysis of Key Issues document for further discussion.

Summary of Table 3: Scope and Application

Item No.	Respondents comments in supportive of existing Scope and Application in APES 230 ED	Technical Staff Comments
5 5 5	<ul style="list-style-type: none"> • Regulation alignment will not be fruitful in achieving the key objectives of the current APES230. • If APES 230 is not mandated, accountants will no longer be respected as a true profession whose central role is to articulate and enforce professional and ethical standards in the public interest. • Failure to mandate APES230 will inevitably lead to the standard’s irrelevance (like its predecessor APS12) and the continuation of the conflicted system whereby product distribution networks control much of the financial planning industry throughout the world. That outcome would be a major lost opportunity for the Australian accounting profession to lead much needed and overdue reform in the public interest. 	Supportive comments which recognise that the requirements of APES 230 ED are higher than the proposed FoFA reform and APS 12.
Respondents comments against existing Scope and Application in APES 230 ED		
5,6 2,3,7 3,5 3	<ul style="list-style-type: none"> • APES 230’s scope is broader than that proposed in FoFA, it should be aligned to the legal regulatory framework. • The standard should be applicable to Members in Public Practice only, as Members in Business are not typically involved in the strategic and operational decision making of the business and therefore they are not in a position to influence the necessary changes to remuneration structures. • The proposed standard is acceptable “in principle”, but it should not be mandatory and should be offered as “guidance only”. • Principles-based standards are arguably more comprehensive and all-embracing than rules-based standards because they focus on (professional) behaviour, rather than trying to cover all conceivable details and eventualities through prescription-based standards. 	Respondents’ arguments for excluding Members in Business. Generally APESB Standards are drafted in a principles based manner. However, in certain instances the application of the fundamental principles results in a mandatory requirement or a prohibition.

Summary of Table 3: Scope and Application – continued

Item No.	Other Comments	Technical Staff Comments
7 4 2,3,7 7	<ul style="list-style-type: none"> • Include a definition and an appropriate provision for legacy products (see Appendix 2 Table 4: Definitions). • Suggested change for clause 1.4 to include, ‘...or, where it is impractical [for Members outside of Australia] to do so’. This is to take into effect local business practices for Members overseas where a fee for service arrangement may not be acceptable. • Application to different practice entities and other circumstances where Members only have an equity interest. • The definition of Financial Advice needs to be reviewed (This issue is discussed further in Appendix 2). 	Drafting suggestions to be considered.
	<p>Issues for further consideration</p> <ul style="list-style-type: none"> • How does APES 230 ED apply where a Member in Public Practice has an equity interest in a financial planning practice? • The treatment of legacy products to be considered. • The issue of Members in Business being unable to implement APES 230 ED to be considered. The proposed standard can be revised in a manner to allow more flexibility for Members in Business (similar to other APES 200 Standards). • The definition of Financial Advice to be reviewed to ensure that it only captures “Financial Planning” related services. 	

Summary of Table 4: Definition

Item No.	Definition	Respondent Comments	Technical Staff Comments
2 - 7	Commissions	<ul style="list-style-type: none"> Respondents noted that the definition of Commissions should only include Commissions received from a products provider or other party and not the Client. Commission under the respondents view is any money from amounts paid by the product providers to financial advisers directly or indirectly (i.e. not out of client funds) for putting clients into (or for keeping them in) in the relevant products. Respondents requested for consistency with the proposed FoFA legislation APES 230 ED should not prohibit receipt of commissions for insurance and risk products due to the implications this has for the insurance industry. 	<p>Revise the definition of commissions to exclude reference to “clients”.</p> <p>Also consider including percentage of value of client assets as per item 7.</p>
8 - 14	Fee for Service	<ul style="list-style-type: none"> Many respondents argued that Asset Based Fees should be included in the definition of Fee for Service. Respondents are also arguing for commissions to be allowed for Insurance and risk products. 	<p>As per the Stakeholder Engagement Plan, this issue will be discussed with key stakeholders.</p>
15 - 17	Fiduciary Relationship	<ul style="list-style-type: none"> Respondents questions the subjectivity of phrase contained in the definition, <i>‘In the utmost good faith in the Client’s best interests’</i>. Respondents argue that the application of ‘Fiduciary Relationship’ needs to be considered further as it does not necessarily lead to prohibitions of certain kinds of remuneration. Particularly when it is acceptable industry and business practice to charge commissions, asset base, referral, and success fees. Some respondents have suggested to completely take out the reference to fiduciary duty in the proposed APES 230 ED in order to avoid the unintended consequences of introducing a fiduciary duty that is not clearly defined and may possibly conflict with the statutory fiduciary duty to be introduced by the FoFA legislation. 	<p>As per the Stakeholder Engagement Plan, this issue will be discussed with key stakeholders.</p>
18	Professional Independence	<ul style="list-style-type: none"> Respondents note that the phrase ‘the avoidance of facts and circumstances’ would appear to preclude any member who is an Authorised Representative (AR) from being able to meet the standard set by this proposed standard as it is difficult for AR to prove independence under the current definition. 	<p>Minor comment. The definition of independence used is consistent with the Code.</p>

Summary of Table 4: Definition – continued

Item No.	Definition	Respondent Comments	Technical Staff Comments
19-21	Soft Dollar Benefits	<ul style="list-style-type: none"> Some respondents noted that the definition of Soft Dollar Benefits is vague and requested further guidance on how it should be applied administratively. Additionally, the definition also needs to cater for instances where a third party pays for the financial advice on behalf of a Not-For-Profit entity. As such, this definition needs to be further considered and clarified. Some respondents recommended that APESB use the existing APS 12 approach for 'trivial or insignificant' amounts. 	These issues will be discussed further with key stakeholders as per Stakeholder Engagement Plan.
22-26,29 23,25,26	Client	<ul style="list-style-type: none"> Respondents consider the current definition of Client to be too broad and that it will capture not only <i>retail clients</i> but also <i>wholesale clients</i> which may not be the intended scope of the Standard. Respondents also note that the FoFA reform also intends to define <i>retail</i> and <i>wholesale clients</i>. 	The definitions of <i>retail</i> and <i>wholesale clients</i> will be discussed further with key stakeholders as per the Stakeholder Engagement Plan.
23- 25, 27-30	Financial Advice	<ul style="list-style-type: none"> Respondents considered the present definition of Financial Advice to be far too wide. There needs to be an exclusion for tax and accounting services, where the accountant is not otherwise providing financial planning services. Some respondents requested a list of exempt services from the Financial Advice definition. Some respondents suggested limiting the definition to services for which an <i>Australian Financial Service Licence</i> is required. 	These issues will be discussed further with key stakeholders as per Stakeholder Engagement Plan.
31	Legacy Products	<ul style="list-style-type: none"> Professional Bodies advised to include the definition for 'Legacy Product' where the definition would follow the Government's description, "Legacy Product means a financial product that is closed to new Clients but remains in force due to existing client participation in the product". (<i>Source: Government FoFA reforms</i>) 	This issue will be discussed further with key stakeholders as per Stakeholder Engagement Plan.

Summary of Table 6: Fiduciary Responsibilities for Members

Item No.	Respondents comments in supportive of Fiduciary responsibilities in APES 230 ED	Technical Staff Comments
2,13,16 13	<ul style="list-style-type: none"> Some respondents are supportive of the imposition of a fiduciary standard on accountants providing financial services to clients. Respondents who are supportive believe that it is desirable to be clear that this requires accountants to put the client's interest first and to disclose any actual, potential or perceived conflict of interest, and to avoid or minimise any actual or potential threats to the Member's objectivity or professional Independence caused by personal or business relationships. Respondent is particularly supportive of combining the imposition of a fiduciary standard with the regulation of remuneration structure. According to the respondent, unlike a fiduciary duty under general law where remuneration related conflicts can be overcome by gaining the informed consent of the client, in the area of financial advice, it is broadly accepted that clients are generally not capable of providing "informed consent". 	<p>The Fiduciary Duty section in APES 230 ED is based on the equivalent section in NZICA's Financial Advisory Standards.</p> <p>Fiduciary duty will be discussed further with key stakeholders as per Stakeholder Engagement Plan.</p>
Respondents comments against Fiduciary responsibilities in APES 230 ED		
5,8-10,14,15,17 4-6,10,11,14,17 1,17	<ul style="list-style-type: none"> Fiduciary responsibility definition and paragraph should not be included in the proposed Standard as there are already provisions for such responsibilities embedded in common law. 61% of respondents (who has expressed a view on the fiduciary duty requirement) noted that the definition and requirements of the Fiduciary Relationship in APES 230 ED may conflict with FoFA's proposed statutory fiduciary duty once that legislation is passed. Accordingly, these respondents are of the view that these provisions should be delayed or not implemented until the FoFA position is known. The FoFA reform proposes that a statutory fiduciary duty will be imposed on all <i>Australian Financial Services Licencees</i> and their representatives. Some Respondents argue that APES 230 does not provide any detailed description of what is 'best interest' of the client, leaving the definition open to interpretation. 	<p>Fiduciary duty will be discussed further with key stakeholders as per Stakeholder Engagement Plan.</p>
Issues to Consider		
	<ul style="list-style-type: none"> Should there be a definition of and responsibilities of fiduciary duties in the proposed Standard and should it be aligned with the FoFA legislation? Or should it be higher? 	

Summary of Table 7: Professional Independence

Item No.	Respondents comments in supportive of Professional Independence in APES 230 ED	Technical Staff Comments
5 4	<ul style="list-style-type: none"> Accountants must uphold Professional independence as the professionalism of the accountant will be compromised otherwise. Respondent suggestion to also include a prohibition on third party payments of embedded product fees. 	The definition and principle of Independence is consistent with the Code.
Respondents comments against Professional Independence in APES 230 ED		
3	<ul style="list-style-type: none"> Inclusion of fiduciary duties and professional independence do not reside properly within APES 230 as the principles are either covered elsewhere in the Standards or are currently subject to Government determination. 	Fiduciary duty to be considered as per Table 6.
Other Comments		
2	<ul style="list-style-type: none"> Suggest to delete words in paragraph 5.3 “and the resulting professional independence” without replacement. It is sufficient to state the restriction and thus give the client the responsibility to interpret the restriction to their affairs. 	To be considered at the final drafting stage.
Issues to Consider		
	<ul style="list-style-type: none"> Respondent suggestion to also include a prohibition on third party payments of embedded product fees. 	

Summary of Table 7: Terms of Financial Advisory Services

Item No.	Respondents comments in supportive of Terms of Financial Advisory Services in APES 230 ED	Technical Staff Comments
10 6	<ul style="list-style-type: none"> The proposed requirement in APES 230 ED sets a higher and more effective obligation on accountants than current or proposed legal requirements in terms of providing a ‘terms of engagement’ letter to clients on an annual basis. The requirement for the Client to expressly agree to the services and fees being charged by Members is not clear in the Exposure Draft. The Respondent suggests that the Member’s charging model to be expressly agreed to by the Client prior to the service being provided. This agreement should establish a clear and written understanding with the Client regarding the terms and conditions under which the fees will be calculated and paid to the Member. This agreement should also require written consent from the Client for the Member to calculate and receive the fees as disclosed in the agreement. 	The Standard requires Members in Public Practice to comply with APES 305.
Respondents comments against Terms of Financial Advisory Services in APES 230 ED		
11 9	<ul style="list-style-type: none"> Paragraph 6 should not add to the extensive obligation that already exists under various regulatory requirements to promote meaningful disclosure. As information requirement to be provided to a client under Paragraph 6 is generally required under the Corporations Act. Similarly, if Members are charging a true fee-for service basis, it is unreasonable to request the Member to disclose and agree in writing again if the charging methods have not changed over the year. Accordingly, the clause should be amended in 6.3 to read, ‘Where a FAS is provided to a Client on an ongoing basis, the Member shall disclose and agree with the Client in writing the matters referred to in paragraph 6.2(d) where the cost of the FAS will increase for the client.’ 	Under review.
Other Comments		
7 8	<ul style="list-style-type: none"> 6.2(d) should omit phrase ‘and the methodology used for’ to leave a workable solution of disclosing the methodology used in calculating fees. 6.2(c) already covers 6.2(e) and (g), suggest for both (e) and (g) to be removed and expand on (c). 	To be considered at the final drafting stage.
Issues to Consider		
<ul style="list-style-type: none"> Is the inclusion of financial advisory service specific clauses applicable to all clients? 		

Summary of Table 7: The basis of preparing and reporting Financial Advice

Item No.	Respondents comments in supportive of preparing and reporting Financial Advice in APES 230 ED	Technical Staff Comments
12	<ul style="list-style-type: none"> Paragraph 7 is important in terms of ensuring a high standard of advice, specifically paragraph 7.1(b) which should give rise to better competitive analysis of the strategies and products which will serve the client's financial interests. 	Supportive comment.
Respondents comments against preparing and reporting Financial Advice in APES 230 ED		
11 13,16,17 19	<ul style="list-style-type: none"> Clauses contained in 'The basis of preparing and reporting Financial Advice' do not add to the extensive regulatory requirements that already exist. Under the current Government reforms and proposals that limited advice services will increase as the Government seeks to allow for the provision of advice for clients who may not be able to afford a full suite of services (or may not require them). Of concern in the proposed standard is paragraph 7.1 which seeks to propose that advisors research alternative strategies and courses of action that can reasonably be expected to meet the client's financial needs. Further clarification of this requirement is needed. Paragraph 7.1 of the ED appears to impose a requirement for work to be done that may be in excess of what a client requests. 	These issues will be discussed further with key stakeholders as per the Stakeholder Engagement Plan.
Other Comments		
13 18	<ul style="list-style-type: none"> Paragraph 7.8(i) is unnecessary, particularly in a situation where not all advisers in an office will necessarily be members of an ascribing professional body. This requirement would add an administrative burden to the compliance regime in such an office. Paragraph 7.4 – the client is not in an informed position to "agree on all significant assumptions" because they rely on the Member's professional judgement. An assumption is made when there is no clear identifiable fact(s) to support it. Accordingly, it is an unreasonable expectation to require the Member to obtain the Client's agreement on assumptions. In any event, the Member will be in breach of the professional competence and due care standard if the assumptions are later found to be unreasonable or unjustifiable. 	These issues will be discussed further with key stakeholders as per the Stakeholder Engagement Plan.

Summary of Table 7: The basis of preparing and reporting Financial Advice - continued

Item No.	Other Comments	Technical Staff Comments
13,16,17	<ul style="list-style-type: none"> • Editorial suggestions include: <ul style="list-style-type: none"> - Including the word 'quality' before 'Financial Advice' in the heading - Add additional grey letter provision to 7.1 with wording, 'where a client seeking advice where scope has been limited, the Member will be seen to have complied with this provision if they record that options were precluded by the client (where raised by the Member or not)' - Add additional grey letter provision to 7.5 with wording, 'a Member discloses the matters in 7.4 and 7.5 in the text of a valid Statement of Advice, they will be seen to have complied with these provisions'. 	
	Issues to Consider	
	<ul style="list-style-type: none"> • Is the inclusion of financial advisory services specific clauses applicable to all clients? • General advice which is provided to a group of clients such as a prospectus or independent experts' reports should be excluded from the scope of the proposed standard. • Clause 7.1 to be reviewed and reconsidered. • Editorial suggestions as per item 13-18 to be considered. 	

Summary of Table 8: Fee for service

Item No.	Respondents comments in supportive of Fee for Service in APES 230 ED	Technical Staff Comments
Refer to Appendix 1	<ul style="list-style-type: none"> • 39% respondents applauded APESB’s initiative to increase independence in remuneration and agrees with the Fee for Service in principle. • 29% totally agree with APES 230’s approach and urges APESB to roll out the higher standard to uphold Member integrity in the Financial Planning Industry. • Accountants working in the financial planning area who have adopted a true Fee for Service arrangement have been met with high level of trust as their client perceive them to be both ethical and provide the client with a sound financial plan. • Insurance and risk advice such as life insurance can be transitioned to Fee for Service and not simply sold as products. Clients will benefit in a pure Fee for Service environment as commissions are rebated to them and the fee for service charge will be based on the initial set up cost of an insurance plan and flat annual fees. • Respondents’ who have successfully transitioned to Fee for Service argue that in the financial planning industry where percentage based asset fees are charged, the financial planner would require the client to own a reasonable level of assets on which to charge their fees. Consequentially, many financial planners gear up the client’s assets and subject the client to gearing risk or recommend strategies that are not in the best interests of the Client. The fact that financial planners fully disclose to clients the amount and method of charging does not reduce the risk of conflicts of interests occurring. • Clients most in need of financial advice, especially those client who do not own a large pool of ‘investible assets’, usually need advice in areas such as budgeting, estate planning and taxation. However, these instances do not give rise to the ability of a planner to charge a percentage-based fee model. • If both remuneration structures exist, asset based fee and fee for service, essentially client’s choice of remuneration becomes a choice between ‘conflicted’ and ‘un-conflicted’ which is not in the interests of the clients, nor in the interests of the accounting profession. • There are dealer groups offering training and consulting firms offering specialist implementation services to financial planners wishing to make the change to Fee for Service. From a commercial perspective, a financial planner who has adopted the Fee for Service arrangement would have had sustainable growth of income even during the GFC when so many other financial planners had significant reductions in their income due to the market downturn. 	<p>A number of respondents are either supporting in full or supporting in principle the proposed standard.</p> <p>Fee for Service will be further discussed with key stakeholders as per the Stakeholder Engagement Plan.</p>

Summary of Table 8: Fee for service – continued

Item No.	Respondents comments against Fee for Service in APES 230 ED	Technical Staff Comments
Refer to Appendix 1	<ul style="list-style-type: none"> • The major arguments against Fee for Service are: <ul style="list-style-type: none"> - Members will be disadvantaged (Discussed further in Appendix 8) - Retrospective effect (Discussed further in Appendix 9) - Commercial inconvenience and it will be a major cost/time burden for the practices that need to transition - Current remuneration models are not conflicted as Members follow the common law fiduciary duty and have internal controls within the practice. - Clients should have the right to choose the remuneration model they want. - Client with small pool of investment funds do not have the ability to pay upfront. - In practice, there are a number of scenarios where Fee for Service cannot be performed. These include: <ul style="list-style-type: none"> Insurance and risk products as they are not services but rather products which are sold to clients - Trailing Commission with existing clients should be allowed to continue. 	Fee for Service to be discussed further with key stakeholder as per the Stakeholder Engagement Plan.
	Other Comments	
39	The respondent has noted the issue of tax deductibility of insurance and that Fee for Service may mean that the client does not get a tax deduction as initial advice is not deductible.	Under review.
	Issues to Consider	
	<ul style="list-style-type: none"> • Whether the proposed Standard should be retrospective or prospective? • The method for charging for Insurance and risk products. • How to address the coverage of Members in Business? • Possibility of a tiered remuneration structure <ul style="list-style-type: none"> - Fixed fee for Strategy advice or Statement of Advice - Asset based fee for ongoing portfolio monitoring (taking into consideration the scale and complexity of the portfolio) - Separate fees negotiated for other services. • Fee for Service may mean that clients with smaller “investible funds” may not be able to access financial planners? 	

Summary of Table 8: Fee for service – continued

	Issues to Consider
	<ul style="list-style-type: none">• Impact on lending products.• Fee for Service and its impact on insurance and risk products.• Treatment of trailing income and legacy products.• Members will be placed at a competitive disadvantage if Fee for Service is adopted.• Some members are requesting a transition plan.

Summary Table 8: Specific Issue of Member disadvantage

Item No.	Respondents comments in supportive of Fee for Service in APES 230 ED	Technical Staff Comments
	<ul style="list-style-type: none"> • Respondents who have successfully transitioned into a true Fee for Service arrangement submitted that: <ul style="list-style-type: none"> - They are now trusted by their clients. - Incomes did not fluctuate with the movement of market, especially during GFC. - The value of their practices have grown. - They will not be “held hostage” by fund managers and product manufactures to sell products and to accumulate funds under management. <p><i>Please refer to Appendix 1 for Respondents’ Specific Comment Register</i></p>	Supportive comments for APES 230 ED.
	Respondents comments against Fee for Service in APES 230 ED	
	<ul style="list-style-type: none"> • If the Fee for Service remuneration model is adopted then many respondents believe that they will be disadvantaged as other financial planners who do not belong to an Accounting Professional Body can still practice in the industry without being subject to the proposed APES 230. As a result, many respondents note that they will be competitively disadvantaged and are threatening to withdraw their membership status from the Professional Bodies. <p><i>Please refer to Appendix 1 for Respondents’ Specific Issues Register</i></p>	The issues associated with member disadvantage will be discussed further with key stakeholders as per the Stakeholder Engagement Plan.
	Other Comments	
	Issues to Consider	
	<ul style="list-style-type: none"> • See Table 8 – Fee for Service 	

Summary of Table 8: Specific Issue of Retrospective Implications

Item No.	Respondents comments in supportive of Fee for Service in APES 230 ED	Technical Staff Comments
	<ul style="list-style-type: none"> Respondents who have successfully transition into a true 'Fee for Service' arrangement comment on the willingness to assist in the development of a 'step-by-step' implementation guide which will enable practices to smoothly transition to the Fee for Service remuneration model. <p><i>Please refer to Appendix 1 for Respondents' Specific Comment Register</i></p>	Supportive comments.
	Respondents comments against Fee for Service in APES 230 ED	
	<ul style="list-style-type: none"> A significant number of respondents raised concerns regarding the retrospectivity of the Standard. Respondents urges APESB to consider possible impact on the existing client relationships based on the follow factors: <ul style="list-style-type: none"> - overwriting exiting contractual obligations; - taxation issues; - legacy clients; - administrative complexities; and - the potential of litigation/compensation arising from financial losses suffered by clients. <p>Additionally, some existing clients are small to medium investors, and changing their current remuneration plan to an upfront payment will be met with resistance.</p> In the proposed FoFA reform, the government has acknowledged that it will be applied on a prospective basis and with a transition period; this model was also adopted in the UK. AFAC has performed a survey which received 272 responses; the result for retrospectivity of APES 230 had received a 90% disagreement result. <p><i>Please refer to Appendix 1 for Respondents' Specific Issues Register</i></p>	The issues associated with retrospectivity will be discussed further with key stakeholders as per the Stakeholder Engagement Plan.
	Other Comments	
	Issues to Consider	
	<ul style="list-style-type: none"> See Table 8 – Fee for Service 	

Summary of Table 9: Soft Dollar Benefits

Item No.	Respondents comments in supportive of prohibition on Soft Dollar benefits	Technical Staff Comments
1,2,3 4	<ul style="list-style-type: none"> • While respondents are indifferent to the application of the section, they seek clarity regarding ‘trivial and insignificant’ amount (see Other Comments) • This respondent is supportive of the provision to ban material Soft Dollar Benefit 	Supportive comments
Respondents comments against prohibition on Soft Dollar benefits		
2	<ul style="list-style-type: none"> • If a register is kept for trivial or insignificant soft dollar benefits, the need for such a burden is doubtful. If the benefit is deemed to be insignificant or trivial, that alone should be sufficient. To require recording of such trivial benefits as well is nothing short of overkill and adds yet more “overhead” without any real benefit. 	Under review.
Other Comments		
3 1 2	<ul style="list-style-type: none"> • Definition of ‘trivial or insignificant’ is subjective and likely to cause confusion and a potential compliance burden for those members who are member of more than one association. Suggest to specify dollar amount. • Respondent suggested for APESB to provide a dollar amount to define ‘trivial or insignificant’. Perhaps referring to APS 12 the approach taken in that standard to define ‘trivial and insignificant’ amounts can be adopted. • Para 10.2: if the intention is to require members to have a register for this purpose, the register should be defined in “definitions” and should include the information that needs to be recorded. 	.
Issues to Consider		

Appendix 1

Table 8 and 9 Respondent Comments on Specific Issues Register

No.	Organisation	Abbrev	Fee Structures			Members Disadvantage *	Retrospectivity	Risk Insurance Products ~		Table 9	Credit Advice #	Legacy Products
			Commission	% or Asset Based Fees	Fee for Service			Personal risk	Insurance	Soft Dollar		
1	Crossing Financial Partners	CFP		✓	✓	✓						
2	Daniel Mendoza-Jones	DMJ			✓							
3	Davidson Financial Group	DFG	✓		x	✓						
4	Lockhart Business Advisors	LBA			✓	✓						
5	Fitzpatricks Financial Advisers	FFA	✓	✓	✓	✓	x	x	x			
6	Ortmanns Pty Ltd	ORT	✓	✓	x	✓						
7	Cooper Reeves Accountants	CRA	x	✓	✓	✓						
8	Surbal Group	SG			x	✓		x	x			
9	Shane Dumbrell	SD	x	x	✓							
10	Roberts & Morrow Financial Services P/L	RMFA			x	✓						

No.	Organisation	Abbrev
11	Forsythes Financial Planning Pty Ltd	FFP
12	Forum Accounting & Advisory	FAA
13	FM Financial Solutions	FMFS
14	Roskow Independent Advisory	RIA- MR
15	Roskow Independent Advisory	RIA - NS
16	Brocktons Independent Advisory	BIA
17	IFAAA	IFAAA
18	Nexia Court Financial Solutions Pty Ltd	NEX
19	Continuum Financial Planners	CONFP
20	Hewison Private Wealth	HPW
21	DMR Corporate Pty Ltd	DMR
22	Advantage Partners	AP
23	Port Macquarie Hastings Financial Planning Pty Ltd	PMHFP
24	Colonial First State	CFS
25	Managed Financial Strategy	MFS
26	Johnston Rorke	JR
27	Moore Stephens	MS

Fee Structures					Risk Insurance Products ~		Table 9		
Commission	% or Asset Based Fees	Fee for Service	Members Disadvantage *	Retrospectivity	Personal risk	Insurance	Soft Dollar	Credit Advice #	Legacy Products
✓	✓	x	✓	x	x	x			
		✓	✓						
x	x	✓							
x	x	✓							
x	x	✓							
x	x	✓							
✓	✓	x	✓		x	x			
	✓	x	✓		x	x			
x	✓	x					x		
✓		x	✓	x	x	x			
✓	✓	x	✓	x					
	✓	x	✓						
	✓	x	✓		x	x			
x	✓	x	✓						
✓	✓	x	✓	x					

No.	Organisation	Abbrev
28	Kennas Financial Services Limited	KEN
29	Qld Public Practice Committee	QPPC
30	GGB Wealthcare	GGBW
31	Roland Tan	RT
32	Strategic Consulting & Training Pty Ltd	SCT
33	Pitcher Partners Advisory Pty Ltd	PPA
34	Curran Financial Pty Ltd	CFPL
35	McPhail HLG Financial Planning	MHGL
36	Ferguson Betts	FERB
37	William Buck	WB
38	Direction Financial Planning	DFP
39	Peter Uhlmann	PU
40	Vicky King	BAG
41	Greg Blaskett	GB
42	PwC Australia	PWC

Fee Structures			Members Disadvantage *	Retrospectivity	Risk Insurance Products ~		Table 9	Credit Advice #	Legacy Products
Commission	% or Asset Based Fees	Fee for Service			Personal risk	Insurance	Soft Dollar		
x	✓	✓	✓		x	x			
✓	✓	x	✓		x	x			
x	✓	x	✓						
x	x	✓							
x	x	✓							
x	✓	x	✓						
✓	✓	x	✓						
x	✓	x	✓						
✓	✓	x	✓		x	x			
✓	✓	x	✓	x	x	x			
	x	✓			✓	✓			
✓	✓	x	✓		x	x			
x	x	✓							
x	✓	✓	✓	x					x
			✓		x	x			

No.	Organisation	Abbrev
43	Landmark Financial Management Pty Ltd	LFM
44	KH Financial Group	KHFG
45	Financial Planning Association of Australia Limited	FPAA
46	Deloitte Touche Tohmatsu	DELOITTE
47	Bongiorno Group	BG
48	WHK Group Limited	WHK
49	Kothes Chartered Accountants	KCA
50	AMP Financial Services	AMP
51	Accountant Financial Adviser Coalition	AFAC
52	SMSF Professionals' Association of Australia Limited	SPAA
53	Count Financial Limited	Count
54	Member - Confidential Submission	MSC
55	Cutcher & Neale Investment Services	CNIC
56	Financial & Technical Solution Limited	FTS
57	Grant Thornton Australia Limited	GT

Fee Structures			Members Disadvantage *	Retrospectivity	Risk Insurance Products ~		Table 9	Credit Advice #	Legacy Products
Commission	% or Asset Based Fees	Fee for Service			Personal risk	Insurance	Soft Dollar		
	✓	✓	✓		x	x			
✓	✓	x							
x	✓	x		x	x	x			
			✓	x					
		x	✓	x	x	x		x	
✓	✓	x			x	x			
		✓							
x	✓	x	✓	x					
✓	✓	x	✓	x	x	x			
✓	✓	x		✓			x		
✓	✓	x	✓	x	x	x			
		✓	✓				x		
	✓	x	✓						
x	x	✓							

No.	Organisation	Abbrev	Fee Structures			Members Disadvantage *	Retrospectivity	Risk Insurance Products ~		Table 9	Credit Advice #	Legacy Products
			Commission	% or Asset Based Fees	Fee for Service			Personal risk	Insurance	Soft Dollar		
58	Suzanne Haddan & Robert M. C. Brown	SHRB	x	x	✓	x	✓	✓	✓		✓	
59	Noble Chartered Accountants	NCA	✓	✓	x	✓		x	x			
60	Industry Super Network	ISN	x	x	✓	✓				✓		
61	The Joint Accounting Bodies	PB	x	✓	✓	✓	x	x	x		x	
62	Australian Public Policy Committee	APPC										
63	KPMG	KPMG										
64	Ernst & Young	EY										
65	Financial Services Council	FSC	✓	✓	x	✓	x	x	x			
66	ASIC	ASIC			✓							
	Respondents supportive of APES 230 ED**		26			1	2	2	2	2	0	1
	Respondents not supportive of APES 230 ED		33			41	16	22	22	3	2	2
	No Comments		7			24	48	42	42	61	64	63
	Total Submissions		66			66	66	66	66	66	66	66

LEGEND:	
Key Stakeholder	
Key Stakeholder - private discussion	
Mid Level Stakeholder	
Respondents did not provide specific comments in relation to Table 8 or Table 9	
For	✓
Against	x

*	Members Disadvantage	Member of the Professional Bodies will be competitively disadvantaged once APES 230 becomes effective as they face commercial loss due to lower number of customers
~	Risk Insurance Products	Any risk or insurance related products. Examples includes: - Life Insurance - Personal Insurance - Risk Advice
#	Credit Advice	Includes anything in reference to: - Credit Advice - Licensed Credit Broker - Mortgage Broker
^	Responses	Includes general comments
**	Fee for Service	Includes Members who adopt a tiered structure of Fixed Fee for Service for strategy and % based fee for ongoing monitoring based on a scaled % taking into consideration various factors.