

16 November 2012

APES 230 Financial Planning Services - Update

The Accounting Professional & Ethical Standards Board met today to consider the responses to its Exposure Draft APES 230 *Financial Planning Services*, which was issued for comment in July 2012.

The Board received 163 submissions which included responses from CPA Australia, Institute of Chartered Accountants Australia, the Institute of Public Accountants, the Financial Services Council and the Australian Securities and Investments Commission.

The Board agreed in principle that the Standard should be issued without delay and that it will be effective from 1 July 2013 including the following transitional provisions:

- Commissions for Financial Planning Services which are entered into prior to 1 July 2013 in respect of life insurance, other risk contracts and the procurement of loans can only be accepted by members until 30 June 2018, where the member provides additional services in respect of those contracts or loans;
- Commissions for Financial Planning Services which are entered into between 1 July 2013 and 30 June 2015 in respect of life insurance, other risk contracts and the procurement of loans can only be accepted by members up until 30 June 2018, and only if the member makes specific disclosures to and receives informed consent from Clients; and
- Financial Planning Services which are entered into from 1 July 2015 will be required to follow fee for service principles as described in the July 2012 Exposure Draft.

The Board clarified that the proposed Standard allows members to accept trailing commissions for Financial Planning Services which are entered into prior to 1 July 2013 in respect of life insurance, other risk contracts and the procurement of loans as long as the member does not subsequently provide further services in respect of those contracts or loans.

The Board further determined to prohibit third party payments from 1 July 2013. The provision of professional development for members from third parties will be excluded from this prohibition provided such professional development meets the requirements of the *FoFA* legislation.

The Board will work towards issuing the Standard before the end of the year.

<ENDS>

For further media information or to arrange an interview with APESB Chairman Kate Spargo please contact:

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Note to Editors: APESB is an independent body that sets the code of ethics and professional standards by which members of Australia's three professional accounting bodies are required to abide.