

## AGENDA PAPER

**Item Number:** 4.3  
**Date of Meeting:** 11 August 2008  
**Subject:** APES 335 *Financial Advisory Services - Discussion Paper*

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<input checked="" type="checkbox"/>	<b>Action Required</b>	<input type="checkbox"/>	<b>For Information Only</b>
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### Purpose

To obtain Board approval to issue the Discussion Paper: Review of Miscellaneous Professional Statement APS 12: *Statement of Financial Advisory Services* for public comment.

### Background

The professional bodies submitted a project proposal to develop a proposed pronouncement to replace the current APS 12 *Statement of Financial Advisory Services* in late 2007. The Board established the APES 335 Financial Advisory Services Taskforce to develop the proposed standard and engaged June Smith of Argyle partners to prepare a discussion paper to inform the development of the standard. The APES 335 Financial Advisory Services Taskforce has reviewed the discussion paper prepared by June Smith.

The key issue in respect of financial advisory services is the current remuneration debate whereby financial planners are remunerated by way of commissions and the conflict of interest this creates. The federal government has indicated that it will target conflicts of interest in commission based financial advice and the distribution of investment products as part of a sweeping review of the operation, structure and costs of the compulsory superannuation system (*Source: Financial Review 9<sup>th</sup> July 2008*).

### Consideration of Issues

The key discussion areas identified in the discussion paper are:

- Application and scope of the proposed APES 335;
- Overarching guiding principles for the provision of financial and investment advice;
- Independence and the impact of current remuneration models;
- Potential threats to compliance with APES 110 and APES 335;
- Holding and receiving client monies;
- Quality assurance.

**Staff Recommendation**

Subject to Board deliberation and editorial comments the Board approve the issue of the Discussion Paper: Review of Miscellaneous Professional Statement APS 12: *Statement of Financial Advisory Services* for public comment.

**Material Presented**

- Financial Planning Discussion paper prepared by June Smith of Argyle Partners

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**Date:** 31 July 2008