

WORKING DRAFT
Constituents' Submissions – Specific Comments 9
Exposure Draft 02/10: APES 230 Financial Advisory Services

Note: General comments relating to APES 230 Financial Advisory Services are addressed in a separate table. This table excludes minor editorial changes.

| Item No. | Paragraph No. in Exposure Draft | Respondent | Respondents' Comments |
|----------|---------------------------------|------------|--|
| 1 | 10 | MSC | Confidential Submission |
| 2 | 10.2 | HPW | 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. In terms of the requirement in this paragraph for trivial or insignificant soft dollar benefits to be recorded, 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. |
| 3 | 10 | SPAA | <p>Soft Dollar Benefits</p> <p>16. Unless the benefit is trivial or insignificant, the Exposure Draft prohibits Members from receiving Soft Dollar Benefits, gifts or other incentives from a third party related either directly or indirectly to the provision of Financial Advice. SPAA considers that the term "trivial or insignificant" is subjective and is likely to cause confusion and a potential compliance burden for those members who are members of more than one Association.</p> <p>SPAA favours the approach in APS 12 which only requires benefits, gifts and other incentives received by a Member from one source which exceed \$300 over any rolling 12 month period to be subject to mandatory disclosure in the Alternative Remuneration Schedule. This is consistent with the approach required by AFS licensees and, without compromising the integrity of this provision, will ensure the compliance burden is minimised. However, all benefits that influence or are capable of influencing advice, regardless of size, should be disclosed in the Financial Services Guide and Statement of Advice.</p> <p>Recommendation No.6 – Soft dollar benefits and other incentives received by Members from one source not exceeding \$300 in total over a rolling 12 month period, should be deemed to be trivial or insignificant.</p> |
| 4 | 10 | ISN | <p><i>[Technical Staff Note – The following paragraph is repeated in Specific Comments – Table 8]</i></p> <p>The Standard also proposes to prohibit the receipt of any soft dollar benefits in paragraph 10. ISN would support this prohibition, as any benefit received and retained by the provider of financial advice has the potential to seriously compromise or bias the advice. ISN particularly supports the concept that any benefit which the accountant derives from volume or scale should be rebated in full back to the client. Given the multiplicity of existing business models through which rebates, benefits or other payments can be made to providers of financial advice, ISN would urge the APESB to consider whether it is necessary to ensure the ban extends to receipt of any benefits by related parties who might influence the accountant. In addition, there are some arrangements whereby the benefits flowing in relation to</p> |

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| | | | volume based benefits are delivered by way of equity arrangements, and so it may be worthwhile considering whether the Standard should explicitly prohibit this type of arrangement. |

Staff Instructions

- Comments of a “general” nature should be dealt with first, followed by paragraph specific comments.
- Respondents' comments must be copied verbatim into this table.
- Comments should be dealt with in paragraph order, not respondent order.
- Use acronyms only for respondents. Update the attached table with details of additional respondents.

RESPONDENTS

| | | |
|----|----------|--|
| 1 | CFP | Crossing Financial Partners |
| 2 | DMJ | Daniel Mendoza-Jones |
| 3 | DFG | Davidson Financial Group |
| 4 | LBA | Lockhart Business Advisors |
| 5 | FFA | Fitzpatricks Financial Advisers |
| 6 | ORT | Ortmanns Pty Ltd |
| 7 | CRA | Cooper Reeves Accountants |
| 8 | SG | Surbal Group |
| 9 | SD | Shane Dumbrell |
| 10 | RMFA | Roberts & Morrow Financial Services P/L |
| 11 | FFP | Forsythes Financial Planning Pty Ltd |
| 12 | FAA | Forum Accounting & Advisory |
| 13 | FMFS | FM Financial Solutions |
| 14 | RIA- MR | Roskow Independent Advisory - MR |
| 15 | RIA - NS | Roskow Independent Advisory - NS |
| 16 | BIA | Brocktons Independent Advisory |
| 17 | IFAAA | IFAAA |
| 18 | NEX | Nexia Court Financial Solutions Pty Ltd |
| 19 | CONFP | Continuum Financial Planners |
| 20 | HPW | Hewison Private Wealth |
| 21 | DMR | DMR Corporate Pty Ltd |
| 22 | AP | Advantage Partners |
| 23 | PMHFP | Port Macquarie Hastings Financial Planning Pty Ltd |
| 24 | CFS | Colonial First State |
| 25 | MFS | Managed. Financial Strategy |
| 26 | JR | Johnston Rorke |
| 27 | MS | Moore Stephens |
| 28 | KEN | Kennas |
| 29 | QPPC | Qld Public Practice Committee |
| 30 | GBWW | GBW Wealthcare |
| 31 | RT | Roland Tan |

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|----|----------|---|
| 32 | SCT | Strategic Consulting & Training Pty Ltd |
| 33 | PPA | Pitcher Partners Advisory Pty Ltd |
| 34 | CFPL | Curran Financial Pty Ltd |
| 35 | MHGL | McPhail HLG Financial Planning |
| 36 | FERB | Ferguson Betts |
| 37 | WB | William Buck |
| 38 | DFP | Direction Financial Planning |
| 39 | PU | Peter Uhlmann |
| 40 | BAG | Bosco Accounting Company Aust Ltd |
| 41 | GB | Greg Blaskett |
| 42 | PWC | PwC Australia |
| 43 | LFM | Landmark Financial Management Pty Ltd |
| 44 | KHFG | KH Financial Group |
| 45 | FPAA | Financial Planning Association of Australia Limited |
| 46 | DELOITTE | Deloitte Touche Tohmatsu |
| 47 | BG | Bongiorno Group |
| 48 | WHK | WHK Group Limited |
| 49 | KCA | Kothes Chartered Accountants |
| 50 | AMP | AMP Financial Services |
| 51 | AFAC | Accountant Financial Adviser Coalition |
| 52 | SPAA | SMSF Professionals' Association of Australia |
| 53 | Count | Count Financial Limited |
| 54 | MSC | Confidential Submission |
| 55 | CNIC | Cutcher & Neale Investment Services |
| 56 | FTS | Financial & Technical Solution Limited |
| 57 | GT | Grant Thornton Australia Limited |
| 58 | SHRB | Suzanne Hadden & Robert M. C. Brown |
| 59 | NCA | Noble Chartered Accountants |
| 60 | ISN | Industry Super Network |
| 61 | PB | The Joint Accounting Bodies |
| 62 | APPC | Australia Public Policy Committee |
| 63 | KPMG | KPMG |
| 64 | EY | Ernst & Young |

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|----|------|-------------------------|
| 65 | FSC | Confidential Submission |
| 66 | ASIC | Confidential Submission |