

AGENDA PAPER

Item Numbers: 4 - 8 and 16 -21
Date of Meeting: 15-16 August 2011
Subject: Interviews with APES 230 ED Key Stakeholders

<input type="checkbox"/>	Action Required	<input checked="" type="checkbox"/>	For Information Only
--------------------------	------------------------	-------------------------------------	-----------------------------

Purpose

To provide an update to the Board on the APES 230 ED project.

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 August 2007. The Board established the APES 230 *Financial Advisory Services* Taskforce to develop the proposed standard and engaged June Smith of Argyle Partners to prepare a Consultation Paper to inform the development of the proposed standard. APESB released the Consultation Paper *Review of Miscellaneous Professional Statement APS 12: Statement of Financial Advisory Services* in October 2008 for public comment for a period of 3 months. APESB received five submissions from professional bodies, firms and members and the respondents comments were considered at the May 2009 Board meeting.

In February 2009 the Parliamentary Joint Committee (PJC) on Corporations and Financial Services initiated an inquiry in *Financial Products and Services* in Australia to inquire into the issues associated with financial product and services provider collapses that occurred in 2007-08. In August 2009 APESB made a submission to this inquiry and also made representations to the PJC inquiry. The PJC inquiry issued its report in November 2009.

In March 2010, the APES Board approved the *Proposed Principles to be addressed in APES 230 Financial Advisory Services*.

On 26th April 2010 the federal government released an information pack on *The Future of Financial Advice* which is in effect the Government's response to the findings of the PJC inquiry.

At its June 2010 APESB Board meeting the Board approved the issue of ED 02/10 Proposed Standard APES 230 *Financial Advisory Services* for public comment.

APES 230 ED was closed for comment on the 15th October 2010. To date APESB has received 67 submissions from Members, Firms, commercial organisations, professional organisations and the joint accounting bodies.

At the November 2010 APESB Board meeting, the Board agreed to issue a media release to the public advising of the major issues identified by the respondents and communicate that there will be an extension of the time frame.

The key issues identified were:

- Operative date of APES 230;
- Definition of Fee for Service;
- Fiduciary duties;
- Application to Members in Business
- Application to insurance and risk products; and
- The retrospective effect of the proposed standard in respect of trailing commissions.

APESB issued a Media release in December 2010 to this effect.

The Board considered the issues identified in the Specific Comments Table 1, 2 and 5 at the January 2011 Board Meeting. The preliminary analysis of the Specific Comments Tables 3-4, 6-9 and the General Comments table were considered by the Board at its March 2011 Board Meeting. At this meeting the Board determined to invite key stakeholders/respondents to present on the key issues to the Board.

The key stakeholders were selected based on the following criteria:

- Organisation type;
- Different size of organisations to provide adequate coverage of different issues encountered based on size; and
- Breadth and analysis of the key issues in their respective submissions.

At the May 2011 Board Meeting, the following respondents presented to the Board:

- Roskow Independent Advisory;
- Pitcher Partners;
- KPMG;
- Suzanne Haddan & Robert Brown;
- Industry Super Networks(ISN);
- William Buck;
- Hewison Private Wealth; and
- Bongiorno Group.

Project Status update

Technical Staff have engaged with the following key stakeholders who have been invited to present their views at the August 2011 Board Meeting in Sydney.

1. Joint Accounting Bodies;
2. Choice;
3. Financial Planning Association of Australia Limited;
4. Quantum Financial;
5. Accountant Financial Adviser Coalition/Count;
6. SMSF Professional Association of Australia Limited;
7. Independent Financial Advisers Association of Australia/Brocktons Independent Advisory;
8. Financial Services Council;
9. Moore Stephens; and
10. Noble Chartered Accountants.

APESB technical staff conducted initial meetings with the key stakeholders to inform them of the APESB Board Meeting process and to provide guidance on the presentation format. Technical staff also provided the key stakeholders with background information as noted below.

Material Presented

- Background information and guide for APES 230 ED key stakeholders who are attending the APESB Board Meeting;
- APES 230 Project status update (revised from May 2011 Board Papers); and
- Recent media articles and publications of interest.

Authors: Channa Wijesinghe
Si-Jia Li

Date: 2 August 2011