

06 December 2010

APESB reviewing record number of submissions for new standard

The Accounting Professional & Ethical Standards Board (APESB) is considering several 'big ticket' items in its proposed new standard for accountants who practice as financial planners after receiving a record number of submissions from stakeholders during the exposure period.

Under the Exposure Draft of APES 230 *Financial Advisory Services*, members of Australia's three professional accounting bodies who are financial planners must only charge clients on a fee-for-service basis - with commissions and percentage-based asset fees being banned.

The proposed standard resulted in 65 submissions from members, firms, commercial organisations, professional organisations and the joint accounting bodies.

APESB Chairman Kate Spargo says that the unprecedented response means that it will take some time to evaluate the issues raised.

"Our stakeholders have raised a number of significant issues in response to the Exposure Draft. We want to ensure that we give careful consideration to all of the submissions and have discussions with stakeholders where appropriate," said Ms Spargo.

"The proposed standard will have a significant impact on the way members practice financial planning. APESB is committed to ensuring that the new standard meets the needs of the sector and protects the interests of clients who use accountants for financial planning advice."

APESB is considering several major issues raised by stakeholders which include:

- Definition of fee for service
- Fiduciary obligations of financial planners
- Application to members in business
- Application to Insurance and risk products
- The 'retrospective effect' of the proposed standard in respect of trailing commissions.

Dealing with these important issues will take time so the proposed start date of 1 July 2011 for the new standard will be extended.

"We want to give the industry sufficient time to be able to address any changes including changes to business models and systems as a result of the proposed new standard. A new start date for the standard will be announced following the review of submissions and completion of the APESB due process" said Ms Spargo.

On release APES 230 will supersede the existing APS 12 *Statement of Financial Advisory Standards*, which remains in place for the time being.

Further details on the Exposure Draft APES 230 *Financial Advisory Services* and the submissions received are available on the APESB website: www.apesb.org.au

– ENDS –

Media enquiries: For interviews with Ms Spargo, please contact Rachael Nightingale on (03) 9600 0006 / 04498819809 or rachael@fenton.com.au.

Notes to Editors: The 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. The APESB follows a rigorous and transparent process for developing and reviewing standards in accordance with its *Due Process and working procedures for the development and review of APESB pronouncements* which can be found at <http://www.apesb.org.au/apesb-content/48/APESB-at-a-Glance>.