

Detailed Mapping Proposed APES 230 (Draft 11 April 29) with FPA Code of Professional Practice

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>Associate for the purposes of these rules, an associate of the Member includes:</p> <ul style="list-style-type: none"> (a) an agent of the Member; (b) an associated entity (as defined in section 50AAA of the Corporations Act 2001); (c) an authorised representative of the Member; (d) an authorising licensee of the Member; (e) a director of the Member’s company; (f) an employee of, or person paid in connection with the Member; (g) a partner of the Member (in the case of a partnership) in the provision of professional services; (h) a responsible manager of the Member’s company. 	2. Definitions	<p>Australian Financial Services (AFS) License means a licence to provide Financial Services under Chapter 7 of the <i>Corporations Act 2001</i>.</p> <p>Authorised Representative means an authorised Representative as defined in the <i>Corporations Act 2001</i>.</p> <p>Representative means an Authorised Representative of an AFS Licensee, an employee or director of an AFS Licensee, an employee or director of a related body corporate of the Licensee or any other person acting on behalf of the AFS Licensee.</p>	<p>“Associate” is not specifically defined by APES 230. However, components of the definition of “Associate” in FPA are defined as shown.</p>
<p>Authorising Licensee a Licensee that provides the Member with the legal authority to provide professional services.</p>	2. Definitions	As above	
<p>Category has the same meaning as is given in the FPA Constitution.</p>	n/a	n/a	
<p>Charging model the Member’s method of charging a client for the provision of professional services.</p>	2. Definitions	<p>Fee for Service means Professional Fees determined by taking into consideration a range of factors which include the complexity of the Engagement or Assignment, the required skills and knowledge, the level of training and experience of the Member and the Member’s staff, the degree of responsibility applicable to the work such as risk and the time to be spent on the Engagement.</p> <p>Professional Fees means the amounts billed or to be billed by a Member on account of Professional Services performed or to be performed by the Member.</p>	
<p>Client Asset means any asset of value which the client has legal and beneficial ownership, whether personally or on behalf of another person.</p>	n/a	n/a	<p>APES 230 refers to Client property in section 8. However, this is not a defined term.</p>

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
Communicating includes discussing, advertising or promoting, whether orally, in written form or in any other medium.	7	Refer section 7 Engagement Performance (specifically 7.10 and 7.11 Communicating the Financial Advice)	
Confirmed objectives, needs and priorities means the client specific objectives, needs and priorities established with the Member during the financial planning engagement.	7	Refer section 7 Engagement Performance	
Disqualified person means a person who: (a) is or was subject of a banning order issued by the Australian Securities and Investments Commission pursuant to the Corporations Act 2001 (as amended) that was not set aside by a court or tribunal of competent jurisdiction; (b) was a Member of the FPA and whose Membership was terminated by the FPA pursuant to the FPA Constitution or its regulations; (c) was a Member of an affiliate body of the Financial Planning Standards Board and whose Membership was terminated by the affiliate body pursuant to its regulations; (d) was convicted of an offence that involves dishonesty and was punishable by imprisonment for at least 3 months; (e) was convicted of any offence that was punishable by imprisonment for at least 6 months; (f) becomes an Insolvent under Administration or was an Insolvent under Administration in the 5 years preceding the Member engaging in business with the person; (g) is disqualified from managing corporations; or (h) is subject of a category or class as prescribed by the FPA Board.	n/a	n/a	
Engage in business with a disqualified person means when a Member (a) engages the services of the disqualified person in the course of, or in the provision of financial planning or other professional services, whether as agent, consultant, employee, director, officer or otherwise; (b) provides authorisation to, or arranges for, the disqualified person to obtain authorisation to be an authorised representative of an Australian Financial Services Licensee; (c) works in partnership with the disqualified person.	n/a	n/a	
Financial planning the process of developing strategies to assist clients in managing their financial affairs to meet life goals. It involves reviewing all relevant aspects of a client's situation across a large breadth of financial	2. Definitions	Financial Advice includes but is not limited to: i. Providing advice on financial products	APES230 definition is more detailed than FPA. However, it does not conflict with the FPA. APES 230 adopted from APS12 with

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>planning activities, including inter-relationships among often conflicting objectives.</p>		<p>such as shares, managed funds, master funds, wrap accounts, margin lending facilities and life insurance carried out pursuant to an Australian Financial Services License;</p> <p>ii. The taxation aspects attaching to such advice;</p> <p>iii. Dealing in financial products as defined in section 766C of the <i>Corporations Act 2001</i>;</p> <p>iv. Providing advice that does not require an Australian Financial Services Licence, such as real estate and non-product related advice on financial strategies or structures; and</p> <p>iv. Providing advice and Professional Services related to the procurement of loans and other lending arrangements, including credit activities regulated under the <i>National Consumer Credit Protection Act 2009</i>.</p> <p>Financial Advisory Service means an Engagement or Assignment where a Member provides Financial Advice in respect of the Client's personal financial affairs specifically related to wealth management, retirement planning, personal risk management and allied advice.</p>	<p>item (v) included as recommended by the APESB Consultation Paper.</p>
<p>Financial planning recommendation a recommendation, statement of opinion or report provided to the client in the course of the financial planning engagement and includes a strategy and/or product or service recommendation.</p>	<p>n/a</p>	<p>n/a</p>	
<p>Financial planning service is a service of which the Member or his or her associates does one or more of the following for a client:</p> <p>(a) Provides a recommendation, an opinion or a report, that is intended to influence a prospective client or client in making a decision in relation to:</p>	<p>2. Definitions</p>	<p>Financial Advisory Service means an Engagement or Assignment where a Member provides Financial Advice in respect of the Client's personal financial affairs specifically related to wealth</p>	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<ul style="list-style-type: none"> i. a particular product or class of products, or an interest in a particular product or class of products; and/or ii. a particular strategy in the management of the client's financial circumstances. <p>(b) Deal in a product or products as a result of a recommendation, opinion or report provided by the Member or his or her associates; and</p> <p>(c) Deal in a product or products pursuant to an authority provided by the client and includes the authority or power of attorney to operate managed discretionary accounts.</p>		management, retirement planning, personal risk management and allied advice.	
<p>FPA's requirements the Membership, ethical and professional requirements that govern Members' professional conduct and include the FPA Constitution, Code of Ethics, Practice Standards, Rules of Professional Conduct, Disciplinary Regulations and other regulations established pursuant to the FPA Constitution.</p>	<p>1. Scope and Application</p> <p>APES definitions</p>	<p>Members shall comply with APES 230 and the Code (refer 1.3-1.5).</p> <p>Professional Standards mean all standards issued by Accounting Professional & Ethical Standards Board Limited and all professional and ethical requirements of the applicable professional body.</p>	
<p>Licensee a person holding an Australian Financial Services Licence.</p>	2. Definitions	<p>Australian Financial Services (AFS) Licence, Authorised Representative and Representative are defined (see above for detail of definitions).</p>	
<p>Member unless otherwise stated, has the same meaning as is given in the FPA Constitution.</p>	2. Definitions	<p>Member, Member in Public Practice and Member in Business defined as per other APES pronouncements.</p>	
<p>Notifiable event has the same meaning as is given in the FPA Constitution.</p>	n/a	n/a	
<p>Portfolio Monitoring Service a service consisting of evaluating the current composition and performance over time of the client's portfolio.</p>	n/a	n/a	
<p>Principal Member has the same meaning as is given in the FPA Constitution.</p>	n/a	n/a	
<p>Product any tangible or intangible item of value and includes:</p> <ul style="list-style-type: none"> (a) a financial product as defined under Division 3, Part 7.1 of Chapter 7 of the Corporations Act 2001 (Cth); (b) a legal structure; (c) a mortgage or credit facility; (d) money; (e) property, including personal and real property; or 	2. Definitions	<p>The definition of Financial Advice includes products on which advice is provided by the Member. A specific definition of product is not included within APES 230.</p>	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
(f) a scheme.			
Professional services – services provided by a Member or the Member’s associate including financial planning services and transaction-only services.	2. Definitions	Professional Services defined as per other APES standards. Different levels of financial planning services not defined.	
Representative a person authorised by a Member to provide professional services, whether as authorised representative, agent, employee, consultant or otherwise.	n/a	Representative means an Authorised Representative of an AFS Licensee, an employee or director of an AFS Licensee, an employee or director of a related body corporate of the Licensee or any other person acting on behalf of the AFS Licensee.	Definition contained within APES 230 specifically refers to the relationship with an AFS Licensee.
Review service – a service consisting of evaluating the client’s situation against the objectives, strategies and financial planning recommendations previously identified for and agreed by the client in the provision of financial planning services.	n/a	n/a	
Terms of engagement – a written document that sets out the scope of the Member engagement with the client for the provision of professional services.	Definitions	Terms of Engagement means the terms and conditions that are agreed between the Client and the Member in Public Practice for the Engagement.	Definition is generally consistent.
Transaction-only service – a service provided by a Member or his or her associate in the dealing in a product as directed by the client and that no recommendation, opinion or report has or had been provided by the Member or his or her associate in relation to the specific dealing(s).	n/a	n/a	
Principle 1: Client First Place the client’s interests first Placing the client’s interests first is a hallmark of professionalism, requiring the financial planner to act honestly and not place personal and/or employer gain or advantage before the client’s interests.	4.2	A Member providing a Financial Advisory Service shall comply with the Member’s Fiduciary obligations to the Client. The Member shall: a) put the Client’s interests ahead of the Member’s interests and the interests of a third party; and b) disclose to the Client matters relevant to the Fiduciary relationship, including disclosure of any actual or potential conflict of interests.	Generally consistent. APES 230 also includes the public interest obligation in paragraph 3.2.
Principle 2: Integrity Provide professional services with integrity Integrity requires honesty and candour in all professional matters.	3.3	A Member providing Financial Advisory Services shall comply with Section 110 Integrity when performing Professional	Generally consistent.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>Financial planners are placed in positions of trust by clients, and the ultimate source of that trust is the financial planner’s personal integrity. Allowance can be made for legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one’s principles. Integrity requires the financial planner to observe both the letter and the spirit of the Code of Ethics.</p>		<p>Services.</p>	
<p>Principle 3: Objectivity Provide professional services objectively Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which a financial planner functions, objectivity requires financial planners to ensure the integrity of their work, manage conflicts and exercise sound professional judgment.</p>	<p>3.4</p>	<p>A Member providing a Financial Advisory Service shall be objective in accordance with Section 120 Objectivity of the Code. The Member shall maintain an impartial attitude and recommend options that meet the Client’s interests consistent with this Standard and the requirements of the law.</p>	<p>Generally consistent.</p>
<p>Principle 4: Fairness Be fair and reasonable in all professional relationships. Disclose and manage conflicts of interest Fairness requires providing clients what they are due, owed or should expect from a professional relationship, and includes honesty and disclosure of material conflicts of interest. It involves managing one’s own feelings, prejudices and desires to achieve a proper balance of interests. Fairness is treating others in the same manner that you would want to be treated.</p>	<p>3.5</p>	<p>Members in Public Practice shall comply with Section 220 Conflict of Interest and Section 280 Objectivity – All Services of the Code.</p>	<p>Member is required to comply with the Code in relation to conflicts of interest. Also addressed by the fundamental principles in Section 3 of the proposed APES 230.</p>
<p>Principle 5: Professionalism Act in a manner that demonstrates exemplary professional conduct Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow professionals, and others in business-related activities, and complying with appropriate rules, regulations and professional requirements. Professionalism requires the financial planner, individually and in cooperation with peers, to enhance and maintain the profession’s public image and its ability to serve the public interest.</p>	<p>3.2</p>	<p>In accordance with Section 100 Introduction and Fundamental Principles of the Code, a Member shall observe and comply with the Member’s public interest obligations when the Member provides Financial Advisory Services.</p>	<p>Reference made to the Code and public interest. Also addressed by the fundamental principles in Section 3 of the proposed APES 230.</p>
<p>Principle 6: Competence Maintain the abilities, skills and knowledge necessary to provide professional services competently Competence requires attaining and maintaining an adequate level of knowledge, skills and abilities in the provision of professional services.</p>	<p>3.6</p>	<p>A Member providing Financial Advisory Services shall maintain professional competence, take due care and act in a timely manner in the performance of the Member’s work in accordance with Section</p>	<p>Paragraphs 3.6-3.8 of APES 230 discusses the Member’s competence as well as the use of a suitably qualified third party and the professional obligations of the Member when utilising a suitably qualified third</p>

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
Competence also includes the wisdom to recognise one's own limitations and when consultation with other professionals is appropriate or referral to other professionals is necessary. Competence requires the financial planner to make a continuing commitment to learning and professional improvement.		130 Professional Competence and Due Care of the Code.	party.
<p>Principle 7: Confidentiality</p> <p>Protect the confidentiality of all client information</p> <p>Confidentiality requires client information to be protected and maintained in such a manner that allows access only to those who are authorised. A relationship of trust and confidence with the client can only be built on the understanding that the client's information will not be disclosed inappropriately.</p>	3.10	In accordance with Section 140 Confidentiality of the Code, a Member who acquires confidential information in the course of professional work for a Client or Employer shall not use that information for any purpose other than the proper performance of professional work for that Client or Employer.	Paragraphs 3.10-3.12 provide more detail in relation to legal obligation of disclosure.
<p>Principle 8: Diligence</p> <p>Provide professional services diligently</p> <p>Diligence requires fulfilling professional commitments in a timely and thorough manner, and taking due care in planning, supervising and delivering professional services.</p>	3.6	A Member providing Financial Advisory Services shall maintain professional competence, take due care and act in a timely manner in the performance of the Member's work in accordance with Section 130 Professional Competence and Due Care of the Code.	Generally consistent.

FPA's Practice Standards with Rules of Professional Conduct			
<p>PS 1 Engagement</p> <p>PS 1.1 Inform the Client about Financial Planning and the Member's Professional Competencies</p> <p>PS 1.2 Determine whether the Member can meet the client's needs</p> <p>PS 1.3 Define the Scope of the engagement</p>	n/a	n/a	Steps to be taken as part of the financial planning process.
<p>Rules relating to Practice Standard 1</p> <p>Pre-Engagement</p> <p>Rule 1.1. In engaging with a client, a Member must:</p> <p>(a) inform the client of:</p> <ul style="list-style-type: none"> i. the financial planning process; ii. the nature of engagements to provide financial planning services; iii. the full range of professional services which can be offered by 	6.2	<p>During the initial phase of a Financial Advisory Engagement, the Member shall disclose to a Client or a prospective Client the following:</p> <ul style="list-style-type: none"> a) the identity of the person or the entity responsible for providing the Financial Advice; b) the nature and scope of Financial 	<p>Most of Rule 1.1 details specific steps to be taken prior to the engagement. The proposed APES 230 takes a principles based approach. However, it does require some initial disclosures to be made to the Client.</p> <p>Part (c) of FPA consistent with the requirements of the Code.</p>

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>the Member;</p> <p>iv. the capacity (including any limitation) in which the Member is able to provide professional services;</p> <p>(b) make reasonable enquiries of the prospective client's circumstances and expectations in seeking professional services from the Member; and</p> <p>(c) decline to accept any engagement which may lead to a breach of the FPA's requirements or bring the profession into disrepute, including engagement in any illegal, deceptive or misleading activities.</p>		<p>Advisory Services provided or offered;</p> <p>c) significant factors that affect or may affect the Member's ability to provide Financial Advice to the Client on an objective and independent basis;</p> <p>d) the details of and methodology used for determining Fee for Service;</p> <p>(e) information about any actual, potential or perceived conflicts of interest that may affect the Member's Fiduciary Relationship with the Client;</p> <p>(f) where the Member has adopted safeguards to manage or control any identified conflicts of interest, information about the nature of those safeguards and an explanation of the reasons why the Member considers those safeguards to be effective; and</p> <p>(g) information about the nature and extent of any interests, associations or relationships, including family, contractual or agency relationships, whether of a financial nature or otherwise, that have the potential to affect the Member's relationship with the Client, or the Financial Advice provided to the Client.</p>	
<p>Rule 1.2. A Member must not, in the course of engaging with a client, by any act or omission, misrepresent any skill, competency, experience, expertise, capacity, association, or remuneration or benefit received or receivable.</p>	n/a	n/a	Effectively addressed by the requirement for Members to comply with the fundamental principles of the Code and section 3 Fundamental Responsibilities of the proposed APES 230.
<p>Differentiating Financial Planning Services from Transaction-Only Services</p> <p>Rule 1.3. A Member must ensure, prior to providing transaction-only services, that the client understands the difference between financial planning services and transaction-only services.</p>	n/a	n/a	Different levels of Financial Advisory Services not addressed by APES230.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>Limiting the Scope of the Engagement to Provide Professional Services Rule 1.4. Subject to the Member’s capacity to provide professional services, a Member will limit the scope of the services to be provided in accordance with Rule 1.1 at the request of the client. Rule 1.5. Where the client limits the scope of the services, the Member must record in the terms of engagement document:</p> <ul style="list-style-type: none"> (a) that the scope of the services to be provided by the Member is limited; (b) the limitations on the scope of the services to be provided; (c) any limitations to the Member’s responsibility in providing the services; and (d) the client’s consent to such limitations. This Rule applies in addition to the requirements in Rules 1.8 and 1.9. 	5.2	<p>Where a Member provides a Financial Advisory Service that is restricted in scope, including where the Financial Advice or expertise is restricted to particular areas, financial products or providers, the Member shall disclose the extent of those restrictions and the resulting effect on the Member’s objectivity and/or Independence:</p> <ul style="list-style-type: none"> (a) prior to undertaking the engagement, wherever possible; and (b) at the time the advice is provided to the Client. 	Note APES 230 requires that the resulting effect on independence must also be disclosed.
<p>Identifying the Client Rule 1.6. A Member must identify the client to whom professional services will be provided.</p>	n/a	n/a	Not specifically addressed by the standard. However, the process of completing the Engagement Letter under paragraph 6.1 will enable the identification of the Client.
<p>Requirement to Document Terms of Engagement Rule 1.7. A Member must, prior to providing any professional services to a client,</p> <ul style="list-style-type: none"> (a) inform the client of the terms of the Member’s engagement including any matter required to be disclosed by Rules 1.5, 1.8 and 1.9; (b) document the terms of the engagement with the client including any matter required to be disclosed by Rules 1.5, 1.8 and 1.9 in a manner that the client is likely to understand; and (c) provide a copy of the documented terms of engagement to the client. 	6.1	<p>A Member in Public Practice shall document and communicate the Terms of Engagement to provide the Financial Advisory Service in accordance with APES 305 Terms of Engagement.</p>	Generally consistent.
<p>Rule 1.8. If the engagement relates to the provision of a financial planning service, the terms of engagement document must include (but is not limited to) the following:</p> <ul style="list-style-type: none"> (a) the name, contact details and Licence number of the person and the person’s employer responsible for providing the financial planning services; (b) the name, contact details and Licence number of the Principal Member or Authorising Licensee legally responsible for the person’s provision of financial planning services; 	Section 6	Section 6 of the proposed APES 230 and the cross reference to APES 305 Terms of Engagement addresses these matters.	Principles based approach adopted by the APES 230 as opposed to detailed procedural requirements of the FPA.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>(c) the name, contact details and Licence number (if applicable) of the Member;</p> <p>(d) the nature and type of the services to be provided;</p> <p>(e) service deliverables and timeframes;</p> <p>(f) expected frequency of contact;</p> <p>(g) remuneration, fees, commissions or any other pecuniary or non-pecuniary benefit whether direct or indirect, received or receivable by the Member or his or her associate in connection with the professional service;</p> <p>(h) any other benefit reasonably capable of influencing the making of a financial planning recommendation by the Member;</p> <p>(i) fee and billing arrangements;</p> <p>(j) how fees are calculated and charged;</p> <p>(k) the service standards that will apply;</p> <p>(l) any conflicts or material limitations;</p> <p>(m) the duration of the engagement and how the engagement can be terminated;</p> <p>(n) the client's responsibilities, including the full and timely disclosure of information and the dangers of providing insufficient information;</p> <p>(o) any benefit that a third party may receive in connection with the service;</p> <p>(p) any other costs borne by the client should they accept all or part of the service;</p> <p>(q) access to internal and external complaint handling mechanisms including the FPA's complaints handling system; and</p> <p>(r) any other information necessary to adequately inform the client or as required by law.</p>			
<p>Rule 1.9. If the engagement relates to a transaction-only service, the terms of engagement document must also include a statement to the following effect:</p> <p>(a) No financial planning recommendations will be given in respect of the specific transaction; and</p> <p>(b) As no financial planning recommendation is given, the specific transaction may not be appropriate and that the client risks making a financial commitment to a transaction that may not be appropriate to the client's objectives, needs and priorities.</p>	n/a	n/a	Different levels of Financial Advisory Services not addressed in the proposed APES 230.
PS 2 Collecting the Client's Information	n/a	n/a	Steps to be taken as part of the financial

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
(c) avoid omissions and inconsistencies in the client information.			
<p>Rule 2.3. A Member must, during the process of collecting client information, inform the client that:</p> <p>(a) the development of relevant financial planning recommendations is based upon the Member having a reasonable understanding of the client's objectives, needs and priorities, and relevant personal circumstances;</p> <p>(b) the client needs to ensure that information provided by him or her is current, complete and accurate and that any changes to the information provided must be communicated to the Member as soon as practicable; and</p> <p>(c) if the client omits relevant information requested by the Member, any recommendations made may be inaccurate or inappropriate.</p>	<p>6</p> <p>7</p>	<p>Professional Engagement and Other Matters and Engagement Performance addresses these matters in a principles based manner.</p>	
<p>PS 3 Analyse and Assess the Client's Financial Status</p> <p>PS 3.1 Analyse the Client's Information</p> <p>PS 3.2 Assess the Client's Objectives, Needs and Priorities</p>	n/a	n/a	Steps to be taken as part of the financial planning process.
<p>Rules relating to Practice Standard 3</p> <p>Analyse and Assess Client Circumstances</p> <p>Rule 3.1. A Member must identify and confirm objectives, needs and priorities with the client to form the basis for the Member's development of appropriate strategies and financial planning recommendations.</p>	7	Engagement Performance addresses these issues in a principles based manner.	
<p>Rule 3.2. For the purposes of Rule 3.1, a Member must:</p> <p>(a) inform the client on the extent to which any client stated objectives or client needs may be in conflict with another;</p> <p>(b) reach agreement on the client's priorities between conflicting objectives or needs; and</p> <p>(c) document the client's confirmed objectives, needs and priorities.</p>	7	Engagement Performance addresses these issues in a principles based manner.	
<p>Rule 3.3. A Member must undertake sufficient analysis and assessment of a client's information including:</p> <p>(a) the client's confirmed objectives, needs and priorities;</p> <p>(b) the client's personal circumstances including the client's current financial resources;</p> <p>(c) the capacity of the client's current financial resources to tolerate risk of capital loss;</p> <p>(d) any reasonable assumptions based upon the client's known circumstances; and</p>	7	Engagement Performance addresses these issues in a principles based manner.	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
(e) whether the client's confirmed objectives, needs and priorities are likely to be satisfied by the client's current course prior to preparing any relevant strategy or financial planning recommendation.			
PS 4 Identify Suitable Financial Planning Strategies and Develop the Financial Planning Recommendations PS 4.1 Identify and Evaluate Financial Planning Strategies PS 4.2 Develop the Financial Planning Recommendations PS 4.3 Identify Product(s) and Service(s) for Implementation PS 4.4 Present the Financial Planning Recommendations to the Client	n/a	n/a	Steps to be taken as part of the financial planning process.
Rules relating to Practice Standard 4 Identifying Suitable Strategies Rule 4.1. A Member must not recommend a financial planning strategy unless the Member understands its characteristics, risks and key features.	n/a	n/a	Although not specifically discussed, this is addressed by the fundamental principles of professional competence and due care in APES230.
Rule 4.2. In selecting a financial planning strategy or strategies for inclusion in a financial planning recommendation to a client, a Member must identify and evaluate strategies, including the client's current course, that reasonably address: (a) the client's personal circumstances, including but not limited to the client's attitude to, or tolerance for risk; (b) one or more of the client's confirmed objectives, needs and priorities as established during the financial planning engagement; and (c) any reasonable assumption established during the financial planning engagement.	n/a	n/a	Detail of steps to be taken during the engagement are not addressed by the proposed APES 230 due to its principles based approach.
Rule 4.3. For the purposes of Rule 4.2, a Member's obligation to identify and evaluate a suitable strategy is separate from, but complementary to, the Licensee's processes.	n/a	n/a	Clarification of rule 4.2.
Rule 4.4. Where a Member is unable to identify a suitable strategy in accordance with Rule 4.2, the Member must as soon as practicable inform the client in writing: (a) that the Member is unable to identify and select a suitable strategy; (b) the reasons the Member is unable to do so with reference to the criteria in Rule 4.2(a) to (c); and (c) any proposed course of action for the client's consideration.	n/a	n/a	Financial strategies whilst implied are not specifically addressed by the proposed APES 230. Consider incorporating guidance addressing this issue. Note also the proposed APES 230 does not consider the situation where the Member is unable to make recommendations. Consider for inclusion.
Development of Suitable Financial Planning Recommendations	n/a	n/a	Although not specifically discussed, this is

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>Rule 4.5. Any financial planning recommendation developed by a Member for the client must be consistent with:</p> <ul style="list-style-type: none"> (a) the client’s personal circumstances, including but not limited to the client’s attitude to, or tolerance for risk; (b) one or more of the client’s confirmed objectives, needs and priorities as established during the financial planning engagement; (c) any reasonable assumption established during the financial planning engagement; and (d) any suitable strategy or strategies identified during the financial planning engagement. 			<p>addressed by the fundamental professional obligations under section 3 Fundamental Responsibilities of Members and section 7 Engagement Performance.</p>
<p>Identifying Products and Services for Implementation</p> <p>Rule 4.6. A Member must not recommend a product or service unless the Member understands its characteristics, risks and key features.</p>	n/a	n/a	<p>Although not specifically discussed, this is addressed by the fundamental principles of professional competence and due care in the proposed APES 230. Further paragraphs 5.8 and 5.9 both use the following wording: “shall make a recommendation which is appropriate to achieve the Client’s identified needs and objectives”.</p>
<p>Rule 4.7. In making a financial planning recommendation to a client which includes a recommendation to acquire, sell, cancel or hold a particular product or service, a Member must identify and evaluate products or services, including any existing products and services held by the client, that reasonably address:</p> <ul style="list-style-type: none"> (a) the client’s personal circumstances, including but not limited to the client’s attitude to or tolerance for risk; (b) one or more of the client’s confirmed objectives, needs and priorities as established during the financial planning engagement; (c) any reasonable assumption established during the financial planning engagement; and (d) any suitable strategy or strategies identified during the financial planning engagement. 	n/a	n/a	<p>APES 230 does not specifically address the need to evaluate products or services.</p>
<p>Rule 4.8. For the purposes of Rule 4.7, a Member’s obligation to identify and evaluate a product or service is separate from, but complementary to, the Licensee’s processes.</p>	n/a	n/a	<p>Clarification of rule 4.7</p>
<p>Rule 4.9. Where a Member is unable to identify or recommend a suitable product or service in accordance with Rule 4.7, the Member must as</p>	n/a	n/a	<p>APES230 does not address the situation where the Member is unable to make</p>

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>soon as practicable inform the client in writing:</p> <ul style="list-style-type: none"> (a) that the Member is unable to identify or recommend a suitable product or service; (b) the reasons the Member is unable to do so with reference to the criteria in Rule 4.7; and (c) any proposed course of action for the client's consideration. 			<p>recommendations. Consider for inclusion.</p>
<p>Rule 4.10. The Member must only make a financial planning recommendation to a client requiring the client to dispose of, cancel, or replace one product or service with another where it is consistent with the requirements in Rule 4.7 and appropriate for the client having regard to any cost, benefit, risks or adverse consequence of:</p> <ul style="list-style-type: none"> (a) acquiring the replacement product or service; (b) maintaining the existing service or holding the existing product; and (c) disposing of, or canceling, the existing product or service. 	n/a	n/a	
<p>Presenting Financial Planning Recommendations to the Client</p> <p>Rule 4.11. The Member must provide the financial planning recommendations and information to assist the client to understand the recommendations in writing to the client. If the recommendations are provided orally, confirmation of the recommendations must be made in writing and provided to the client as soon as practicable after providing the recommendations to the client. The requirement under this Rule for the financial planning recommendations and information provided to the client to be in writing does not apply to a recommendation to the extent it comprises financial product advice regulated under the Corporations Act and corresponding regulations ("the Act"), and the Act provides that the recommendation is not required to be provided to the client in a written statement of advice.</p> <p>Note: Information that is likely to assist the client to understand the financial planning recommendations includes the following:</p> <ul style="list-style-type: none"> (a) the client's confirmed objectives, needs, priorities and personal circumstances that the Member relies on in providing the recommendations; (b) the financial planning recommendations including details of any strategy, product or service recommended; (c) the basis for the financial planning recommendations including an explanation of: <ul style="list-style-type: none"> i. how each selected strategy is intended to address one or more 	n/a	n/a	<p>APES 230 does not specifically address the required reporting format to the client. Consider addressing reporting in the proposed standard. However, section 7 Engagement Performance discusses the principles of communicating Financial Advice.</p>

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>planning recommendations or client directions to implement. Where circumstances change, or where 30 days have passed since the provision of a financial planning recommendation, and implementation of the agreed financial planning recommendation or client direction is not in the interests of the client, the Member must:</p> <ul style="list-style-type: none"> (a) not implement the recommendation or direction; (b) document the basis for declining to implement; and (c) advise the client in writing within 7 days that the recommendation or direction has not been implemented and the basis. 			
<p>Rule 5.4. Where a client's direction to implement is likely to significantly impact upon the client's confirmed objectives, needs and priorities, or upon the client's previously implemented financial planning recommendations, a Member must inform the client in writing of any cost, benefit, risks or adverse consequences of implementing the direction upon the client's:</p> <ul style="list-style-type: none"> (a) confirmed objectives, needs and priorities; or (b) previously implemented financial planning recommendations. 	n/a	n/a	As above
<p>Client Asset Register Rule 5.5. Where a Member takes custody, is authorized to exercise investment discretion, or to exercise supervision of any Client Asset, the Member must, as soon as practicable, identify, record and maintain the following details in a register:</p> <ul style="list-style-type: none"> (a) The date the Member took custody, received authority, or was granted discretion in respect of the Client Asset; (b) The name of the client in which the asset is held; (c) Particulars sufficient to identify the Client Asset; (d) The amount of the Client Asset; and (e) The date the Member's custody, authority or discretion ceased in respect of the client asset. Under agreement from the client, the registers may be maintained or held by the authorizing Licensee or other Licensee as long as full rights of client access are guaranteed and obligation for maintenance are diligently maintained. 	n/a	n/a	Not required by APES 230 – principles based approach.
<p>Expired Recommendations Rule 5.6. A Member must decline to implement a financial planning recommendation that is no longer current, whether the recommendation was provided by the Member or otherwise.</p>	n/a	n/a	Consideration should be given to the inclusion of a section that deals with the implementation of recommendations.
PS 6 Review the Client's Situation	n/a	n/a	Steps to be taken as part of the financial

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
PS 6.1 Agree on Responsibilities and Terms for Review of the Client's Situation PS 6.2 Review and Re-evaluate the Client's Situation			planning process.
Rules relating to Practice Standard 6 Engaging to Provide Review or Portfolio Monitoring Services Rule 6.1. A Member must, prior to providing any review or portfolio monitoring service to a client: (a) inform the client the difference between those services and the purpose and scope of the services proposed; (b) provide the client with the opportunity to review any operative terms of engagement including the cost of a review or portfolio monitoring service; and (c) comply with Rule 1.7 in respect of any engagement to provide ongoing professional services.	6.1	A Member in Public Practice shall document and communicate the Terms of Engagement to provide the Financial Advisory Service in accordance with APES 305 Terms of Engagement.	APES 230 adopts a principles-based approach. Points raised by FPA covered by cross reference to APES 305.
Rule 6.2. A Member must not misrepresent the nature of any review or portfolio monitoring service to a client or prospective client.	n/a	n/a	Addressed by reference to fundamental principles and the Code.
Conduct of Reviews Rule 6.3. In conducting a review, a Member must evaluate the client's current situation against the client confirmed objectives, needs and priorities and previously implemented financial planning recommendations.	n/a	n/a	"How to" approach not required by APES230 which adopts a principles based approach.
Rule 6.4. In evaluating the client's current situation for the purposes of a review, a Member must gather quantitative and qualitative information in accordance with Practice Standard 2 and Rules 2.1 to 2.4 and analyse and assess such information in accordance with Practice Standard 3 and Rules 3.1 to 3.3.	n/a	n/a	"How to" approach not required by APES230 which adopts a principles based approach.
Rule 6.5. In conducting a review, if the Member's financial planning recommendations vary from the client's implemented recommendations, a Member must comply with Practice Standard 4 and Rules 4.1 to 4.12 in identifying, developing and presenting any new or amended financial planning recommendations.	n/a	n/a	Implementation of recommendations not addressed by the standard. Consider for inclusion.
Rule 6.6. A Member must confirm in writing to a client at the conclusion of a review service: (a) any changes to the client's: i. confirmed objectives, needs and priorities; ii. personal circumstances; and iii. implemented financial planning recommendations;	n/a	n/a	Reporting to the client addressed not specifically addressed by the proposed APES230. However, section 7 of APES 230 addresses Member obligations in respect of communicating Financial Advice.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
(b) any recommendation to the client to continue the implemented financial planning recommendations (if applicable); and (c) any additional financial planning recommendations made.			
Conduct of Portfolio Monitoring Rule 6.7. A Member must diligently implement any portfolio monitoring service agreed with the client.	n/a	n/a	Addressed by reference to section 130 of the Code, Professional Competence and Due Care.
PS 7 Professional Obligations for Practitioners PS 7.1 Practitioner Members conduct themselves in a professional and ethical manner PS 7.2 Practitioner Members influence other practitioners to conduct themselves in a professional and ethical manner PS 7.3 Practitioner Members present and promote their services fairly and honestly	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Rules relating to Practice Standard 7 General Conduct Rule 7.1. A Member must treat other persons with courtesy, respect and candour.	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Rule 7.2. A Member must not, in the conduct of professional and business activities, engage in any act or omission of a misleading, deceptive, dishonest or fraudulent nature, nor must the Member engage in any act or omission that is likely to mislead or deceive.	n/a	n/a	Addressed by the requirement to comply with the Code, section 3 Fundamental responsibilities of Members and section 7 Engagement Performance.
Rule 7.3. A Member must not engage in any conduct which reflects adversely on his or her integrity or fitness as a financial planner, his or her Membership of the FPA, or on the FPA.	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Rule 7.4. A Member who is a Representative of a Principal Member must provide professional services in accordance with the lawful directions of the Principal Member and the FPA's requirements.	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Client Service Rule 7.5. A Member must ensure that all professional services are provided in an efficient, honest and fair manner.	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Rule 7.6. A Member must only provide professional services including financial planning with proper legal authorisation, and in accordance with legal, regulatory and the FPA's requirements.	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Rule 7.7. A Member must ensure that his or her personal biases or interests do not adversely affect his or her services to clients.	3.4	A Member providing a Financial Advisory Service shall be objective in accordance with Section 120 Objectivity of the Code. The Member shall maintain an impartial attitude and recommend options that	Generally consistent.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
		meet the Client's interests consistent with this Standard and the requirements of the law.	
Rule 7.8. A Member must only make and/or implement recommendations that are suitable for the client.	4.2	<p>A Member providing a Financial Advisory Service shall comply with the Member's Fiduciary obligations to the Client. The Member shall:</p> <p>a) put the Client's interests ahead of the Member's interests and the interests of a third party;</p>	Generally consistent
<p>Ongoing Disclosure</p> <p>Rule 7.9. A Member must advise his or her client in writing, within 20 business days, of any changes to the financial planning engagement which reasonably could adversely impact the client's interest(s) including (but not limited to) changes:</p> <p>(a) to the professional services provided;</p> <p>(b) to the Member's capacity or authority to provide professional services; or</p> <p>(c) which increase the Member's remuneration received or receivable under the engagement.</p> <p>It is sufficient compliance with this Rule if the Member's authorising Licensee advised the client within the above timeframe.</p>	<p>6.2</p> <p>9.8</p>	<p>Where the Financial Advisory Service is provided to a Client on an ongoing basis, the Member shall provide this disclosure to the Client on an annual basis.</p> <p>Subsequent to providing the initial Financial Advice if there is a material change to the basis upon which a Member's Professional Fee is calculated, then the Member shall prepare and send a new Client fee schedule to the Client.</p>	
<p>Conflicts of Interest – Continuous Disclosure</p> <p>Rule 7.10. A Member must advise the client in writing of any actual, potential, or perceived conflict(s) of interest(s) that developed after the commencement of a financial planning engagement. The Member must make such disclosure prior to the provision of any (further) financial planning recommendation impacted by the conflict, and in any case, within 20 business days of becoming aware of the conflict(s).</p>	<p>4.2</p> <p>4.3</p>	<p>A Member providing a Financial Advisory Service shall comply with the Member's Fiduciary obligations to the Client. The Member shall:</p> <p>a) put the Client's interests ahead of the Member's interests and the interests of a third party; and</p> <p>b) disclose to the Client matters relevant to the Fiduciary relationship, including disclosure of any actual or potential conflict of interests.</p> <p>Where a Member identifies an actual or potential conflict of interest, the Member shall implement appropriate safeguards to</p>	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 1I April 29]		
	Section	Detail	Additional Comments
	6.2	<p>eliminate the conflict of interest or reduce it to an Acceptable Level. Where appropriate safeguards are not available to reduce the conflict of interest to an Acceptable Level, the Member shall decline to perform the Financial Advisory Service.</p> <p>During the initial phase of a Financial Advisory Engagement, the Member shall disclose to a Client or a prospective Client the following...</p> <p>(e) information about any actual, potential or perceived conflicts of interest that may affect the Member's Fiduciary Relationship with the Client;</p> <p>...</p> <p>Where the Financial Advisory Service is provided to a Client on an ongoing basis, the Member shall provide this disclosure to the Client on an annual basis.</p>	
Rule 7.11. A Member must not recommend a product or service in which the Member has a direct or indirect material personal interest without disclosing in writing to the client at the time the recommendation is made the Member's direct or indirect material personal interest in the product or service.	As above	As above	
Rule 7.12. A Member must not implement a product or service in which the Member has a direct or indirect material personal interest without: (a) disclosing in writing to the client at the time the product or service is implemented the Member's direct or indirect material personal interest in the product or service; and (b) holding the client's written authority to undertake the transaction or service including acknowledgment that: i. the client has received the disclosure of the Member's interest; and ii. the client has received independent advice recommending the product or service, or has declined to receive independent	As above	As above	Generally consistent. However, FPA requirements more onerous.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
advice recommending the product or service.			
<p>Client Engagement</p> <p>Rule 7.13. A Member must, upon becoming aware that the client had a previous financial planning services engagement with another financial planning business or financial planner, undertake the following (but no later than providing any financial planning recommendations to the client):</p> <p>(a) Obtain authority from the client to communicate and facilitate the transfer of documentation from the previous financial planning business or financial planner;</p> <p>(b) Request in writing any information that may indicate that the engagement to provide professional services would be contrary to the client's interest(s).</p> <p>In the absence of any authority from the client, the Member should consider whether to accept the engagement and document the decision to accept/ decline engagement.</p>	n/a	n/a	Adequately addressed by section 210.10 onwards of the Code.
<p>Communication</p> <p>Rule 7.14. A Member must ensure, in the course of the provision of professional services, any communication (whether oral or written):</p> <p>(a) is courteous;</p> <p>(b) avoids offensive or provocative language or conduct; and</p> <p>(c) is not misleading or deceptive, or likely to mislead or deceive.</p>	7	Engagement Performance	Also addressed by the requirement to comply with the fundamental principles of the Code in section 3 Responsibilities of Members.
<p>Rule 7.15. A Member must not misrepresent the status of their Membership with the FPA.</p>	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
<p>Rule 7.16. A Member must not misstate their authority to represent the FPA. Specifically a Member must not write, speak or act in such a way as to lead another to believe that the Member is officially representing the FPA, unless the Member has been duly authorised to do so by the officers, directors or regulations of the FPA.</p>	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
<p>Rule 7.17. Unless compelled to by law, or required to fulfill a legal obligation, any person who by reason of their Membership of the FPA or connection with the FPA is exposed to, learns of or has access to information and knowledge concerning the FPA and/or Members must comply with the FPA's Privacy Policy and keep confidential all such information and knowledge and is not entitled to communicate or divulge that information or knowledge or any part thereof.</p>	3.10	In accordance with Section 140 Confidentiality of the Code, a Member who acquires confidential information in the course of a Financial Advisory Service for a Client or Employer shall not use that information for any purpose other than the proper performance of that Financial	Generally consistent

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
		Advisory Service.	
<p>Rule 7.18. A Member must notify the FPA of any of the following changes in the circumstances of the Member, within 28 days of the effective date of the change:</p> <ul style="list-style-type: none"> (a) address, email, telephone and other contact details; (b) employment or authorised representative status details; and (c) any other details which may affect the eligibility of the Member to belong to a Category of Membership. It is sufficient compliance with this Rule if the Member effects the change(s) on the FPA website. 	n/a	n/a	FPA specific requirements
<p>Rule 7.19. A Member must advise the FPA in writing within 7 days of becoming aware of the occurrence of any notifiable event.</p>	n/a	n/a	FPA specific requirements
<p>Rule 7.20. A Member must comply with the FPA's requirements in respect of complaints handling, dispute resolution, disciplinary procedures and compliance review, as well as maintain adherence with all regulations made from time to time by the FPA.</p>	n/a	n/a	FPA specific requirements
<p>Market Representation</p> <p>Rule 7.21. A Member must not, when communicating his or her professional services:</p> <ul style="list-style-type: none"> (a) misrepresent: <ul style="list-style-type: none"> i. any service offered; ii. any skill, competency, experience, expertise, or capacity; iii. any association; iv. any remuneration or benefit received or receivable; v. any charging model for financial planning services provided by the Member, his or her associates and any other party. (b) make unsubstantiated comparisons of the Member's services against another; (c) falsely advertise, or advertise in a way that is misleading or deceptive, or is likely to mislead or deceive; or (d) mislead or deceive any person. 	3.16	A Member providing a Financial Advisory Service shall comply with Section 250 Marketing Professional Services of the Code.	Consistent with the requirements of the Code.
<p>Rule 7.22. A Member must comply with the FPA's requirements in using the FPA's name, logos, Membership category descriptions and professional designations.</p>	As above	As above	
<p>Document Administration and Confidentiality</p> <p>Rule 7.23. A Member must ensure that any personal information or documents given to or gathered by the Member in the course of or in connection with the provision of financial planning services are securely</p>	3.10 – 3.14	Confidentiality	Generally consistent.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
retained and kept confidential. This rule applies to personal information and documents belonging to or related to the Member's client or to other persons.			
Rule 7.24. A Member must not use any information or documents given to or gathered by the Member in the course of or in connection with the provision of financial planning services for his or her direct or indirect personal benefit, whether or not it causes detriment to the client.	3.10 – 3.14	Confidentiality	Generally consistent.
Rule 7.25. A Member must open and maintain separate and independent files and records for each client to whom any financial planning service is provided. A Member may rely on the files and records of his or her authorising Licensee in compliance with this rule.	n/a	n/a	Not required due to the principles based approach taken by APES230.
Rule 7.26. For the purposes of Rule 7.23: (a) A Member must keep the information and/ or relevant documents (or copies of such information/document), whether in electronic form or otherwise, for 7 years from the date of the finalisation of the matter. It is sufficient compliance with this rule if the information and/or documents are kept by the Member's employer or the Member's authorising Licensee; and (b) A Member must not charge the client for the costs for retaining information and/or documents as required by Rule 7.23.	n/a	n/a	Documentation is required by the proposed APES230. However, the standard does not address document retention requirements.
Rule 7.27. A Member must keep confidential: (a) all client information obtained in the provision of professional services; and (b) all commercial information belonging to the Member's authorising Licensee or obtained in the course of the Member's employment with a particular Licensee.	3.10 – 3.14	Confidentiality	Generally consistent
Client Terminations and Transfers Rule 7.28. A Member must take all reasonable steps, consistent with a client's interest(s), to facilitate the orderly transfer of the client's business to another professional upon receipt of written advice from the client or another person authorised by the client advising that the client has retained another professional in substitution for the Member.	n/a	n/a	Changes in professional appointment addressed by section 210 of the Code.
Rule 7.29. A Member must, upon receiving a written request by the client, and subject to the legal requirements of the Member's employer or authorising Licensee, provide the client or a person authorised by the client, any original documents and electronic files related to the provision of professional services within 21 days from the date of the	n/a	n/a	Changes in professional appointment addressed by section 210 of the Code and confidentiality requirements are addressed by section 140 <i>Confidentiality</i> of the Code.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
request. Unless compelled by law, this does not include documents which have been prepared or received by the Member in the provision of professional services, such as internal notes, memoranda, quotes or other working documents.			
<p>Members in positions of authority and/or with supervisory responsibilities</p> <p>Rule 7.30. A Member who is personally legally responsible for the management or conduct of a financial services business or the supervision of Representatives, including principals, managers or responsible managers, must ensure that he or she exercises his or her legal, managerial or supervisory authority in a manner that is not inconsistent with the FPA's requirements.</p>	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code (s130 Professional Competence and Due Care).
Rule 7.31. A Member must provide reasonable and prudent professional supervision of, or direction to, any subordinate or third party to whom the Member assigns responsibility for any professional services.	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code (s130 Professional Competence and Due Care).
<p>Competencies</p> <p>Rule 7.32. A Member must satisfy all continuing professional development requirements set by the FPA from time to time.</p>	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code (s130 Professional Competence and Due Care).
Rule 7.33. A Member must offer advice only in those areas in which the Member is professionally competent. In areas where the Member is not professionally competent, the Member shall seek the counsel of qualified individuals and/or refer clients to such parties.	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code (s130 Professional Competence and Due Care).
<p>Client Assets</p> <p>Rule 7.34. A Member must not commingle the client's property with the property of the Member, the Member's employer, or with other clients' property unless the commingling is permitted by law, is explicitly authorised and defined in a written agreement between the parties, and the Member has sufficient record-keeping to track each client's assets accurately.</p>	Section 8	Client Information, Client Monies and Other Client Property	
<p>Rule 7.35. A Member must not borrow money from a client.</p> <p>This Rule does not apply when:</p> <p>(a) the client is a Member of the Member's immediate family; or</p> <p>(b) the client is an institution in the business of lending money and the borrowing is unrelated to the professional services performed by the Member.</p>	8.1	A Member in Public Practice who holds, receives or disburses Client monies, or operates a Client bank accounts shall comply with APES 310 Dealing in Client Monies.	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>Rule 7.36. A Member must not lend money to a client. This Rule does not apply when:</p> <p>(a) the client is a Member of the Member's immediate family; or</p> <p>(b) the Member is a Representative of an institution in the business of lending money and the money lent is that of the institution, not the Member.</p>	8.1	<p>A Member in Public Practice who holds, receives or disburses Client monies, or operates a Client bank accounts shall comply with APES 310 Dealing in Client Monies.</p>	
<p>Providing Representative Good Fame and Character Information</p> <p>Rule 7.37. A Member must be truthful in the disclosure of past investigations, and any current binding legal obligation to the FPA, a current or prospective authorising Licensee, or employer subject to any operative lawful constraint.</p>	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code.
<p>PS 8 Principal Member Professional Obligations</p> <p>PS 8.1 Principal Members Conduct Themselves in a Professional and Ethical Manner</p> <p>PS 8.2 Principal Members ensure Representatives Conduct Themselves in a Professional and Ethical Manner</p> <p>PS 8.3 Principal Members Present and Promote their Services Fairly and Honestly</p>	n/a	n/a	
<p>Rules relating to Practice Standard 8</p>	n/a	n/a	
<p>General Conduct</p> <p>Rule 8.1. A Member must ensure its conduct complies with any law or legal requirement applying to the provision of professional services.</p>	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code.
<p>Rule 8.2. Where a Member is also a participant organization of the Australian Securities Exchange (ASX), the FPA's requirements apply to its provision of financial planning services.</p>	n/a	n/a	FPA specific requirements.
<p>Rule 8.3. A Member must not, in the conduct of professional and business activities, engage in any act or omission of a misleading, deceptive, dishonest or fraudulent nature, nor must the Member engage in any act or omission that is likely to mislead or deceive.</p>	n/a	n/a	Addressed by the requirement to comply with the Code in section 3 Responsibilities of Members and section 7 Engagement Performance.
<p>Rule 8.4. A Member must not engage in any conduct which reflects adversely on its Membership of the FPA, or on the FPA.</p>	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
<p>Rule 8.5. A Member must ensure, in the course of the provision of professional services, any communication (whether oral or written):</p> <p>(a) is courteous;</p> <p>(b) avoids offensive or provocative language or conduct; and</p> <p>(c) is not misleading or deceptive, or likely to mislead or deceive.</p>	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
Client Service Rule 8.6. A Member must ensure that all professional services are provided in an efficient, honest and fair manner.	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Rule 8.7. A Member must only provide professional services with proper legal authorisation, and in accordance with legal, regulatory and the FPA's requirements.	n/a	n/a	Addressed by the requirement to comply with the Code and section 3 Fundamental responsibilities of Members.
Rule 8.8. A Member must ensure that its interests and/or interests of its associated entities do not adversely affect its provision of professional services to its clients or the interests of its clients.	3.4	A Member providing a Financial Advisory Service shall be objective in accordance with Section 120 Objectivity of the Code. The Member shall maintain an impartial attitude and recommend options that meet the Client's interests consistent with this Standard and the requirements of the law.	Generally consistent
Rule 8.9. A Member must only make and/or implement financial planning recommendations that are suitable for the client.	4.2	A Member providing a Financial Advisory Service shall comply with the Member's Fiduciary obligations to the Client. The Member shall: a) put the Client's interests ahead of the Member's interests and the interests of a third party;	Generally consistent
Market Representation Rule 8.10. In advertising or promoting the Member's professional services or products, including but not limited to, where the advertisement or promotional material associates the Member's services with a product, a Member must ensure the advertising or promotional material discloses: (a) the name and Licensee number of the product issuer; (b) the relationship between the Member and the product issuer; (c) any benefit received by the Member or an associate of the Member, in relation to the advertisement or promotion; (d) information about the association or relationship between the Member and a product issuer sufficient to identify: i. any ownership of the Member by a product issuer; ii. any joint ownership of the Member and the product issuer by another body corporate; and iii. any remuneration or benefit received or receivable by the	3.16	A Member providing a Financial Advisory Service shall comply with Section 250 Marketing Professional Services of the Code.	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
Member if a person acquires the product through the Member, or the Member's Representative.			
Rule 8.11. A Member must, where any advertisement or promotional material associates the Member's professional services with a particular product and utilises the Member's brand, ensure the advertising or promotional material displays the brand of the product issuer with equal co-prominence to the Member's brand.	As above	As above	As above
Rule 8.12. A Member must ensure the proper use of the FPA's name, logos, Category of Membership and professional designations in accordance with the regulations of the FPA.	As above	As above	As above
<p>Ongoing Disclosure</p> <p>Rule 8.13. A Member must advise its client in writing, within 20 business days, of any relevant changes to the financial planning engagement which reasonably could adversely impact the client's interests including (but not limited to) changes:</p> <p>(a) to the professional services provided;</p> <p>(b) to the Representative responsible for providing financial planning services;</p> <p>(c) to the Member's capacity or authority to provide professional services; or</p> <p>(d) which increase the Member's remuneration received or receivable under the engagement.</p>	<p>6.2</p> <p>9.8</p>	<p>Where the Financial Advisory Service is provided to a Client on an ongoing basis, the Member shall provide this disclosure to the Client on an annual basis.</p> <p>Subsequent to providing the initial Financial Advice if there is a material change to the basis upon which a Member's Professional Fee is calculated, then the Member shall prepare and send a new Client fee schedule to the Client.</p>	
Rule 8.14. A Member must make disclosure in writing to the client of the approximate amount of remuneration received by the Member as a result of implementing a financial planning recommendation, where the approximate amount of remuneration received is materially higher than the estimates provided to the client at the time of presenting the financial planning recommendations. This written disclosure must be provided no later than 60 days after the first anniversary of the date of implementing the financial planning recommendation and then discussed in each subsequent review cycle.	<p>9.5</p> <p>9.8</p>	<p>A Member who is providing a Financial Advisory Service to a Client on an ongoing basis shall communicate with the Client annually on the basis of Professional Fees charged to the Client.</p> <p>Subsequent to providing the initial Financial Advice if there is a material change to the basis upon which a Member's Professional Fee is calculated, then the Member shall prepare and send a new Client fee schedule to the Client.</p>	Generally consistent
<p>Conflicts of Interest – Continuous Disclosure</p> <p>Rule 8.15. A Member must advise the client in writing of any actual, potential or perceived conflict(s) of interest(s) that develops after the commencement of a financial planning engagement. The Member must</p>	4.2	A Member providing a Financial Advisory Service shall comply with the Member's Fiduciary obligations to the Client. The Member shall:	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
<p>(a) disclosing in writing to the client at the time the product or service is implemented the Member's direct, or indirect, material interest in the product or service; and</p> <p>(b) holding the client's written authority to undertake the transaction or service including acknowledgment that:</p> <ul style="list-style-type: none"> i. the client has received the disclosure of the Member's interest; and ii. the client has received advice independent of the Member recommending the product or service, or has declined to receive independent advice recommending the product or service. 			
<p>Client Assets</p> <p>Rule 8.18. A Member must clearly identify with the client the assets (if any) over which the Member and/or its Representatives will take custody, exercise investment discretion, or exercise supervision and record the details of any such assets in a central register within 7 days from the date of instructions given by the client.</p> <p>Under agreement from the client, the registers may be maintained or held by the representative or another Licensee as long as full rights of client access are guaranteed and obligation for maintenance are diligently maintained.</p>	Section 8	Client information, client monies and other client property	FPA provides more specific requirements and timeframes.
<p>Rule 8.19. A Member must identify and keep updated records of all funds or other property of the client in the custody, or under the discretionary authority, of the Member or its Representatives.</p>	Section 8 (p8.1)	Client information, client monies and other client property	Client monies addressed by APES 310.
<p>Rule 8.20. A Member must ensure that the Member and/or its Representatives do not commingle the client's property with the property of the Member and/or its Representatives, or with other clients' property unless the commingling is permitted by law, is explicitly authorised and defined in a written agreement between the parties, and the Member has sufficient record-keeping to track each client's assets accurately.</p>	Section 8	Client Information, Client Monies and Other Client Property	
<p>Rule 8.21. A Member must not borrow money from a client. This Rule does not apply when the client is an institution in the business of lending money and the borrowing is unrelated to the professional services performed by the Member.</p>	8.1	A Member in Public Practice who holds, receives or disburses Client monies, or operates a Client bank accounts shall comply with APES 310 <i>Dealing in Client Monies.</i>	
<p>Rule 8.22. A Member must not lend money to a client. This Rule does not</p>	8.1	A Member in Public Practice who holds,	

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
apply when the Member or its associated entity is an institution in the business of lending money and the money lent is that of the Member.		receives or disburses Client monies, or operates a Client bank accounts shall comply with APES 310 <i>Dealing in Client Monies</i>.	
Document Administration and Confidentiality Rule 8.23. A Member must ensure that any personal information or documents provided to the Member or its Representative, for the purpose of providing financial planning services are securely retained and kept confidential. This rule applies to personal information and documents belonging to or related to the Member's client or to other persons.	3.10 – 3.14	Confidentiality	Generally consistent.
Rule 8.24. A Member must not, without express written authority from the client, use any information or documents provided to the Member or its Representative, for the purpose of providing professional services for any other purpose, whether or not it causes detriment to the client.	3.10 – 3.14	Confidentiality	Generally consistent.
Rule 8.25. A Member must ensure that its Representatives open and maintain separate and independent files and records for each client to whom any financial planning service is provided.	n/a	n/a	
Rule 8.26. For the purposes of Rule 8.23, a Member must keep the information and/or relevant documents (or copies of such information/document), for 7 years from the date of the finalisation of the matter.	n/a	n/a	Documentation is required by the proposed APES230. However, the standard does not address document retention requirements.
Client Termination and Transfer Rule 8.27. A Member must take all reasonable steps, consistent with the client's interest(s), to facilitate the orderly transfer of the client's business to another professional upon receipt of written advice from the client or another person authorised by the client advising that the client has retained another professional in substitution for the Member.	n/a	n/a	Changes in professional appointment addressed by section 210 of the Code.
Rule 8.28. A Member must, upon receiving a written request by the client and subject to the Member's legal rights, provide the client or a person authorised by the client, any original documents and electronic files related to the provision of professional services within 21 days from the date of the request. This does not include documents which have been prepared or received by the Member in the provision of professional services, such as internal notes, memoranda, quotes or other working documents.	n/a	n/a	Confidentiality requirements are addressed by section 140 <i>Confidentiality</i> of the Code.
Management of a Financial Planning Business	n/a	n/a	Relates specifically to the requirements on

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
		<p>the following...</p> <p>(e) information about any actual, potential or perceived conflicts of interest that may affect the Member's Fiduciary Relationship with the Client;</p> <p>...</p> <p>Where the Financial Advisory Service is provided to a Client on an ongoing basis, the Member shall provide this disclosure to the Client on an annual basis.</p>	
<p>Rule 8.32. A Member must disclose any actual or potential conflict of interest or limitation that the Member's interest in another professional services business imposes upon the Member's capacity to provide financial planning services to the client, including the Member's capacity to provide financial planning services with objectivity to the client.</p>	As above	As above	
<p>Rule 8.33. A Member must establish systems to ensure its natural person Representatives maintain the competence to provide professional services.</p>	n/a	n/a	<p>Relates specifically to the requirements on how to manage a financial planning business.</p> <p>APES 320 <i>Quality Control for Firms</i> addresses requirements in relation to firms.</p>
<p>Rule 8.34. A Member must ensure its Practitioner Member Representatives satisfy all continuing professional development requirements as set by the FPA from time to time.</p>	n/a	n/a	As above.
<p>Rule 8.35. A Member must effect and maintain appropriate internal dispute resolution and external dispute resolution arrangements, as well as compensation arrangements in respect of the provision of professional services.</p>	n/a	n/a	As above.
<p>FPA Compliance Requirements Rule 8.36. A Member must advise the FPA in writing within 20 business days of any material change to its Licensee status.</p>	n/a	n/a	FPA specific requirements
<p>Rule 8.37. A Member must advise the FPA in writing within 20 business days of becoming aware of the occurrence of any notifiable event, as outlined in Schedule D of the Disciplinary Regulations.</p>	n/a	n/a	FPA specific requirements. Disciplinary proceedings will depend on the relevant professional accounting body.
<p>Rule 8.38. A Member must advise the FPA in writing within 20 business days of any change to the Member's business contact details, the name</p>	n/a	n/a	FPA specific requirements

FPA Code of Professional Practice (November 2009)	APES 230 [Draft 11 April 29]		
	Section	Detail	Additional Comments
of the nominated Representative and any other information relevant to the Member's Membership.			
Rule 8.39. A Member must comply with the FPA's requirements in respect of complaints handling, dispute resolution, disciplinary procedures and compliance review, as well as maintain adherence with all regulations made from time to time by the FPA.	n/a	n/a	FPA specific requirements. Disciplinary proceedings will depend on the relevant professional accounting body.
Recruitment and Appointment of Representatives Rule 8.40. A Member must have reasonable and appropriate standards for the appointment of Representatives responsible for the provision of professional services.	n/a	n/a	Addressed by APES 320 <i>Quality Control for Firms</i> .
Rule 8.41. A Member must have a written agreement with its Representatives which defines the rights and obligations of the Member and the Representative.	n/a	n/a	APES 305 and APES 320 include the principles of having appropriate agreements in place.
Rule 8.42. A Member must not, without prior approval of the FPA Board, engage in business with a disqualified person.	n/a	n/a	FPA specific
Rule 8.43. Having regard to the Member's obligations under Rule 8.13, the Member should consider notifying clients where the Member's Representative becomes the subject of a notifiable event, including notification of: (a) the fact that the Representative is the subject of an FPA notifiable event; and (b) the type of notifiable event as set out in the notifiable events schedule. Provided that for the purposes of this rule, the Member may be excused from the requirement to notify the clients of its Representative under Rule 8.13 where it is able to demonstrate such notification would be unfair or unlawful.	n/a	n/a	FPA specific
Supervision of Representatives Rule 8.44. A Member is responsible for any conduct by its Representatives which relates to the conduct of the Member's financial planning business.	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code (s130 Professional Competence and Due Care).
Rule 8.45. A Member must develop and maintain effective systems of supervision to ensure that its Representatives provide professional services that comply with the FPA's requirements.	n/a	n/a	Effectively addressed by Members' obligation to comply with the fundamental principles of the Code (s130 Professional Competence and Due Care).

FPA Financial Planner Remuneration Policy	APES 230 [Draft 11 April 29]		
Definitions	Section	Detail	Additional Comments
<p>Fee An amount charged directly to the client and paid directly by the client for professional services.</p>	2. Definitions	<p>Professional Fees means the amounts billed or to be billed by a Member on account of Professional Services performed or to be performed by the Member.</p>	Consistent
<p>Commission An amount calculated as a percentage value of the consumer's asset or insurance premium payable by the product provider to the financial planner's licensee for recommending the product to the consumer. Commissions are not paid directly by the consumer but are paid by the product provider. A commission cannot be switched off and will be paid until such time as the client withdraws their funds or ceases life insurance cover.</p>	2. Definitions	<p>Commissions means all monetary amounts received from a third party or an Australian Financial Services Licensee in respect of placement or retention of Client funds or business, and/or purchases or sales of financial and/or risk products, and includes trails and Soft-Dollar Benefits.</p>	Definition adopted in the proposed APES 230 is as per the NZ Financial Advisory Engagements Standard. Draft APES 230 definition is broader than that of the FPA.
<p>Free There is no such thing as "free" financial advice. Financial Advice is a professional service that requires an action to be performed and costs incurred. Advice costs may be subsidised by other services, associated product providers or other clients – see definition for subsidised. It is common professional practice to offer a "free consultation" to new clients as an introduction to the financial planning process, however this does not constitute financial planning or financial advice which is the result of the full financial planning process and typically results in the provision of a financial plan (or SoA).</p>	<p>9. Professional Fees</p> <p>9.3</p> <p>9.4</p>	<p>A Member shall not discount fees for initial Engagements or Assignments where there is the intention of recovering these discounts through higher charges or the provision of additional Professional Services in the future.</p> <p>Paragraph 9.3 does not apply to the following situations:</p> <ul style="list-style-type: none"> ○ Discounted or pro-bono work where there are no further subsequent charges or the subsequent charging level is consistent with the Member's usual fee schedule; or ○ Discounts on initial Financial Advice where it is expressly agreed with the Client and the full cost of all initial and ongoing Financial Advice is disclosed at the time of the initial Engagement. 	Generally consistent. Neither advocates free financial advice.
Subsidised	As above	As above	As above

FPA Financial Planner Remuneration Policy	APES 230 [Draft 11 April 29]		
Definitions	Section	Detail	Additional Comments
<p>Advice provided “free” or at a significant discount to the consumer. The costs of providing the advice are met by a product provider such as a super fund or other institution (which may produce a potential conflict of interest). This also includes salaried advisers. Costs for advice might be borne by other members of the fund (including those who do not access advice) or paid for by an institution, eg salaried advisers.</p>			
<p>Hourly rate/Time based charging The consumer is billed for financial planning and related services solely upon an agreed hourly or time based rate for those services, plus disbursements.</p>	2. Definitions	<p>Fee for Service means Professional Fees determined by taking into consideration a range of factors which include the complexity of the Engagement or Assignment, the required skills and knowledge, the level of training and experience of the Member and the Member’s staff, the degree of responsibility applicable to the work such as risk and the time to be spent on the Engagement.</p> <p>Fee for Service does not include Commissions, percentage based asset fees, trailing Commissions, trailing fees, production bonuses, or other forms of remuneration that are calculated by reference to product sales or the accumulation of funds under management (whether paid by a third party such as a product manufacturer or a Client)</p>	
<p>Service based charging The consumer is billed for financial planning and related services purely on the basis of an agreed price for the package of services, and agreed between the planner and the consumer. A lump sum might be agreed based on services, savings to the client by adopting a strategy, or performance related.</p>	As above	As above	
<p>Asset based charging The consumer is billed for financial planning and related services by any initial or recurrent fee calculated as a percentage of the consumer’s asset(s) where the rate of the fee is specifically agreed</p>	As above	As above	

FPA Financial Planner Remuneration Policy	APES 230 [Draft 11 April 29]		
Definitions	Section	Detail	Additional Comments
between the planner and the consumer. In the case of recurrent fees the consumer has the ability to switch off the fee.			
<p>Client directed charging model A model that requires all payments to be provided directly by the client, irrelevant of the charging model used. This can typically include: asset based, service based or time based. If a client's investment or insurance choices only allow for commission or planner based payment then the planner rebates all income received from any product provider to the client and charges the client directly for the financial planning services they provide.</p>	As above	As above and section 9. Professional Fees.	
<p>Indirect charging model Any model where the full costs of the financial planning services are not paid directly by the client. This can typically include commission based, subsidised costs or free advice.</p>	n/a	n/a	
<p>Financial planning services <i>See above</i></p>	<i>See above</i>	<i>See above</i>	
<p>Transaction only service <i>See above</i></p>	<i>See above</i>	<i>See above</i>	
<p>Code of professional practice The six principles and definitions will be captured in the FPA's Code of Professional Practice, which is the set of rules and professional expectations that govern members of the financial planning profession. Breaching the professional expectations can result in disciplinary action.</p>	n/a	n/a	
<p>Proposed disclosure model to encourage comparability and transparency The following is a proposed fee disclosure table which separates the costs of product from the costs of advice and uses terms defined earlier. Whilst this precise disclosure model is not mandatory, we would expect SoA's and other advice documents reflect this clarity of disclosure. <i>(See table in FPA document)</i></p>	n/a	n/a	The FPA disclosure model is provided as guidance.
<p>Principle 1 - Clients must be able to understand the fees they are paying 1.1. Consumers who are well informed and well educated make</p>	n/a	n/a	

FPA Financial Planner Remuneration Policy	APES 230 [Draft 11 April 29]		
Definitions	Section	Detail	Additional Comments
<p>better decisions about their finances. Fees have long been complex and difficult to understand, largely because products have become complex, but also because of competition and the need for competitive differentiation.</p> <p>1.2. The FPA already requires its members to provide information about fees to clients at the point of engagement, [Rules 103 and 104] and for comprehensive fee disclosure including dollar disclosure to be provided to clients in conjunction with any recommendation. [Rule 106]</p> <p>1.3. These requirements complement Corporations Act requirements.</p> <p>1.4. The FPA has also embarked on work to simplify the Statement of Advice (SoA), including an effort to simplify fee disclosure in the SoA which includes a sample fee table, to assist members.</p> <p>1.5. Simple and consistent fee disclosure should extend to all documents given to a client.</p> <p>1.6. All future improvements in disclosure should be focused on consumer friendly language.</p> <p>1.7. The value of the advice, and the associated cost of that advice, should be clearly conveyed to ensure the client understands the value and the cost.</p>			
<p>Principle 2 - Clients must be able to compare the fees they are paying</p> <p>2.1 Improving consumer understanding of the fees they are paying is improving comparability in fee disclosure across charging models.</p> <p>2.2 Disclosure which allows comparability between charging models places consumers in a better position to choose the remuneration model that is best suited to their needs and circumstances, and is consistent with the financial planning recommendations being made.</p> <p>2.3 Comparability in disclosure assists in managing the inherent conflict of interest between the professional’s need to be remunerated for their services and the client’s interest in receiving services at the lowest cost possible. It should enable the client to compare the value they may receive from one professional with that offered by another.</p> <p>2.4 Remuneration practices which involve the undisclosed</p>	<p>9 10</p>	<p>Professional Fees and Non-cash alternative remuneration benefits.</p> <p>Appendix 1of APS 12 contained an example of best practice upfront fee disclosure for use as a guide. This should be varied according to individual requirements and circumstances.</p>	<p>Section 9 of APES 230 discusses professional fees. To enhance comparability a best practice disclosure example based on APS 12 will be developed in the proposed APES 230.</p>

FPA Financial Planner Remuneration Policy	APES 230 [Draft 11 April 29]		
Definitions	Section	Detail	Additional Comments
<p>subsidisation of financial planning services by a third party such as a product issuer, may be confusing to consumers and prevent fair cost comparisons between remuneration models.</p> <p>2.5 We have proposed standard definitions that describe the main charging models so that we achieve greater clarity and comparability.</p> <p>2.6 Consistent with the FPA’s existing Conflict of Interest Principles, consumers should be able to understand and determine:</p> <p>2.6.1 The scope and nature of the financial planning services they will receive;</p> <p>2.6.2 The (actual) total cost of the financial planning services they will receive;</p> <p>2.6.3 The estimated cost of financial planning services they would receive under different remuneration models;</p> <p>2.6.4 The fees charged for financial planning services as opposed to the costs of a product.</p>			
<p>Principle 3 - Clients must be presented with a fee structure that is true to label</p> <p>3.1 We have identified the elements of the major remuneration charging models that are currently operating in the market, and the key features of each model.</p> <p>3.2 We have identified the advantages and disadvantages of each model from both a financial planner and a consumer perspective.</p> <p>3.3 To encourage our members to accurately self-identify with the appropriate charging models for their business, we have improved standards of representation in marketing and promotion of member businesses through the Code of Professional Practice and will enforce these standards.</p> <p>3.4 Rules have also been written to extend existing requirements [Rule 101] to include „not likely to mislead or deceive“ and to add requirements for specific clarity when making claims of „independence“, and when identifying with a particular remuneration charging model.</p> <p>3.5 In recommending a strategy or a financial product to a client, members should consider and disclose to the client the likely consequences to the client of the use of a particular charging model for the client if the client were to implement the recommendation.</p>	<p>9.1</p>	<p>A Member providing a Financial Advisory Service shall charge Professional Fees on a Fee for Service basis.</p>	<p>The proposed APES 230 has mandated a Fee for Service model as recommended by the APESB Consultation Paper and the principles approved by the APES Board in March 2010.</p>

FPA Financial Planner Remuneration Policy	APES 230 [Draft 11 April 29]		
Definitions	Section	Detail	Additional Comments
<p>3.6 Members utilising commission based charging models might be required to provide additional information directly to consumers on the impacts of commission based charging. Such information might include:</p> <p>3.6.1 Comparative information on charging models;</p> <p>3.6.2 Questions to ask your financial planner about how they charge for financial planning services including the difference between up front and ongoing commissions and associated services;</p> <p>3.6.3 The potential influences on advice and potential for conflicts of interest that may apply to different charging models.</p> <p>3.7 The proposed charging models are clarified in the definitions section of this policy.</p>			
<p>Principle 4 – Clients must be presented with fees that are separated between advice and product</p> <p>A fee disclosure table has been proposed which separates the costs of product from the costs of advice.</p> <p>Whilst this precise model is not mandatory we would expect that Financial Plans and SoA’s should reflect this clarity of disclosure.</p>	n/a	n/a	Consider including this in the Best Practice example fee disclosure in Appendix 1.
<p>Principle 5 – Clients must agree the fee with their financial planner and can request that the fee is switched off if no on-going advice is required.</p> <p>5.1 As with the FPA’s Principles to Manage Conflicts of Interest, charges for financial planning services should be determined between the financial planner and the consumer.</p> <p>5.2 If a client wishes to terminate their agreement with their financial planner, or the financial planner wishes to withdraw their services, the fee should be switched off.</p>	6.2	Ongoing disclosure addressed in paragraph 6.2.	APES 230 does not discuss the cessation of an engagement. Given the nature of the service provided, consider including guidance in relation to switching off fees in the proposed APES 230.
<p>Principle 6 – Clients should pay for financial planning services, not product providers</p> <p>6.1 Payment for professional financial planning services should come from the client not the product provider.</p> <p>6.2 Payment should come from the client’s account (or the client’s own funds) rather than through other means from the product provider.</p> <p>6.3 In the case of payment for on-going charges these should be matched to regular deductions from the client’s account and</p>	n/a	n/a	Section 5 Independence addresses the potential for bias introduced by payment from product providers. The proposed APES 230 mandates Fee for Service at p 9.1.

FPA Financial Planner Remuneration Policy	APES 230 [Draft 1I April 29]		
Definitions	Section	Detail	Additional Comments
<p>„factoring“ an upfront payment to the adviser or advice licensee would not be permitted.</p> <p>6.4 This approach to planner remuneration is designed to reduce the potential for providers to influence planners’ remuneration, reducing the potential for bias (and the perception of bias) and improving overall industry sustainability and consumer confidence.</p>			

End.