

Agenda Item 8(c) - High-Level Comparison of Key Elements of FASEA Code and APES 230

| Key element | FASEA Code | APES 230 | Comments |
|--------------------|---|--|---|
| Clients | Retail individual Clients | All Clients as long as related to personal wealth management | APES 230 has a broader coverage of clients who receive services from members. |
| Scope | Financial products and Services provided by a relevant provider who holds or is operating as an authorised representative under an AFSL | Financial Planning Advice provided under an AFSL, ACL, tax or other advice as long as it is linked with personal wealth management. | APES 230's scope is broader as it is not limited to a relevant provider who holds or operates an AFSL. |
| Informed Consent | Standard 4 - Encompasses the whole financial planning service | Applies only if using a remuneration method other than Fee for Service | Obtaining informed consent in the FASEA Code is for all services, while in APES 230, it is only for engagements where Fee for Service is not used. |
| Best Interest Duty | Standard 2 – Act in the best interest of each Client. | Best interest duty as per Corps Act | Arguably Best Interest Duty as per FASEA is higher as they say in the Explanatory Memorandum that compliance with the <i>Corporations Act 2001</i> does not necessarily mean you have complied with the Best Interest Obligation. |
| Fees | All remuneration methods are allowed, but as per Standard 3, you cannot act if there is a conflict of interest or duty. | All remuneration methods are allowed, but if not using Fee for Service, additional professional obligations are imposed, including making disclosures to the Client. | One view is that FASEA's Standard 3 means that you cannot charge asset-based fees or commissions, while another view is that you can as long as you can demonstrate there is no conflict of interest or duty. APES 230's disclosures (when not using Fee for Service) are designed to make the Client aware of all the fees charged to make an informed decision. |

Note – The focus of the above Summary is on critical elements that are different, and not all areas of APES 230 and the FASEA Code are covered.