

# Advocacy

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***FPA strategic priority***

*FPA to be **the** voice of the profession*

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# Fighting for financial planners

## *A milestone year for advocacy*

The profession of financial planning in Australia is going through an unprecedented period of change. Financial planners are responding to a wide range of factors:

- changing employment conditions, with major licensees exiting or reducing their presence in the financial advice sector
- significant new reforms requiring financial planners to meet new professional standards
- exponential increases to regulatory and compliance costs
- changes to how financial planners are remunerated for their services
- clients with evolving expectations of how their financial planner interacts with them
- a need to improve public trust and confidence as a result of the Financial Services Royal Commission.

Advocacy has always been a key role of the FPA, and in this environment, the FPA has redoubled its advocacy efforts and lobbied strongly and successfully on behalf of members over the past 12 months. As a result, we have delivered significant regulatory relief for members.

Our lobbying efforts have been consistent and courageous. The FPA has an important relationship with both sides of government and key regulators. We continue to hold discussions with these stakeholders on the issues most critical to our members as we work together to build a thriving financial planning profession.

### **FASEA**

The FASEA education requirements have been one of the greatest pressures on our members.

The FPA's lobbying efforts in the first half of the year resulted in a series of major breakthroughs for members and the financial planning profession at large.

On 30 August 2019, Senator the Hon Jane Hume, Assistant Minister for Superannuation, Financial Services and Financial Technology, announced the Government would restore the full two-year period to pass the exam by extending the deadline for 12 months to 1 January 2022. The Government announced that it would also extend the deadline for meeting the FASEA education standard by 24 months to 1 January 2026.

Following an extensive advocacy process in Canberra, we were pleased to announce to our members in February 2020 that Labor would back the Treasury Laws Amendment (2019 Measures No.3) Bill 2019, granting financial planners an extension to complete new education requirements.

However, as COVID-19 rocked the nation in the first half of 2020, our advocacy efforts were at risk of being thwarted as both sides of government rightly focused on the pandemic. When the Government announced a comprehensive COVID-19 stimulus package that included the early access to super scheme, the FPA made sure the Government was aware how important financial advice would be to Australians in this new reality.

Faced with the added pressure of providing advice to new and existing clients in a global pandemic and national recession, the FPA took swift action to ensure our advocacy work on the FASEA extension would not become sidelined.

In June, our efforts were rewarded with financial planners officially granted additional time to complete new education requirements following this successful advocacy effort by the FPA.

### ROYAL COMMISSION

The Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was presented to the Governor-General on 1 February 2019.

On 4 February 2019, the Hon Josh Frydenberg MP released the Government's Response to the Royal Commission. The Opposition released its formal response to the Royal Commission on 22 February 2019.

On 25 February 2019, the FPA Royal Commission Wrap-up was released, which aimed to filter all recommendations that may directly or indirectly affect the provision of financial advice.

The Royal Commission recommendations were a central focus for the FPA, its members and the broader financial services sector during the first half of the 2019-2020 financial year. During that time, the FPA made numerous submissions to the Government in relation to the proposed reforms.

Initially, the consultation process was far too restrictive. However, after significant advocacy efforts the FPA was able to have its voice heard.

We responded to the Federal Government's draft legislation when it was released on 31 January 2020. The draft legislation addressed 22 of the recommendations put forward by the Financial Services Royal Commission.

The greatest concern for the FPA was the significant impact these reforms would have on our members. We strongly warned government that, if implemented, the Royal Commission recommendations would further increase the time and the administration burden on financial planners helping their clients.

One specific proposed recommendation in the draft legislation that the FPA continues to challenge relates to the requirement for financial advisers to renew client fee arrangements every 12 months, rather than the current two-year period.

The FPA agrees financial planners should be required to periodically review and renew ongoing fee arrangements, document them and seek the consent of their clients for any fees to be charged. However, we believe requiring this to be conducted annually without any modification to the existing operation of the law around when an ongoing fee arrangement can be renewed rather than reset, adds considerable time and cost pressures on financial planning practices and encourages unprofessional behaviours. It is impractical and will be too much of an administrative burden for many practices.

The Government has deferred the implementation of the royal commission recommendations for six months due to the disruptive impact of COVID-19. Measures that were to be introduced into the Parliament by 30 June 2020 will now be introduced by December 2020.

The FPA remains in close consultation with the Minister, Treasury, and other associations to ensure the royal commission reforms reflect the best interests of FPA members and the financial planning profession more broadly.

### STRENGTH THROUGH COLLABORATION

One of the highlights of our advocacy work over the past year has been our continued partnerships with professional associations to achieve common goals.

The significant level of reforms impacting the broader financial services industry has created an opportunity for the FPA to build strong relationships with professional associations and create a united voice when advocating for our respective members.

Our collaboration with the Association of Financial Advisers (AFA) continued following the establishment of the Joint Taskforce in June 2019. ASIC's review of the Life Insurance Framework (LIF) has become a central focus for the Joint Taskforce.

In October 2019, the FPA joined forces with CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ), SMSF Association (SMSFA), and the Institute of Public Accountants (IPA) to ensure Australians can get the advice they need to understand the Federal Government's COVID-19 economic packages, including early access to their superannuation.

Our joint efforts led to ASIC granting regulatory relief for financial planners around COVID-19, including:

- an extension of time critical provisions from 5 to 30 days for new and existing clients seeking advice due to COVID-19
- exemption from providing a Statement of Advice (SOA) for existing clients seeking advice due to COVID-19. Existing clients include any client of the Australian Financial Services Licence (AFSL) or practice even if they have previously seen another planner.

### **POLICY PLATFORM**

On 25 May 2020, the FPA revealed its five-year MAC strategy and policy platform, Affordable Advice, Sustainable Profession. This is a major milestone for the association and will inform our advocacy work and direction as an association over the coming years.

The FPA policy platform supports our three-pillar MAC strategy focused on members, advocacy, and the benefits of financial planning to Australian consumers. It is aimed at reducing regulatory duplication for financial planning professionals, lowering the cost of advice and helping more Australians access advice.

The regulation of financial advice has evolved over the past two decades into a complex framework of laws, regulation and regulatory guidance. Multiple regulators are responsible for overseeing an industry that is structured with licensees and financial planners.

As outlined in our policy platform, this complexity does not assist the Government in achieving the goals of regulation, these being to protect consumers and support a healthy financial planning profession.

Complexity does not assist licensees and financial planners to comply with regulation. It does not assist government agencies in overseeing the provision of financial advice and enforcing regulation. And it does not help consumers understand their rights and how to manage their relationship with their financial planner.

Regulation should be simplified so that its intent is clear and promotes compliance by licensees and financial planners. The regulatory framework should be streamlined to improve the effectiveness of regulators and ensure consumers have confidence that their rights are being protected.

The FPA has now commenced working towards achieving the policy platform recommendations. We look forward to announcing more successes as we continue to reduce the regulatory burden on behalf of members and create a more efficient and accessible profession that can be enjoyed by more Australians.

## FPA POLICY PLATFORM RECOMMENDATIONS

### 1.1 Single disciplinary body

A single government body should be responsible for overseeing financial planners, including setting mandatory entry, professional standards, investigating breaches of mandatory professional standards and other legal requirements, and conducting disciplinary proceedings.

### 1.2 Single registration

A single register of financial planners should be established, based on the existing Financial Adviser Register, and should be maintained by the single disciplinary body.

### 1.3 Single set of fees

Fees paid by financial planners to the Government should be consolidated into a single schedule administered by the single disciplinary body, which removes duplication of fees and is limited to recovering the cost of efficient and effective oversight.

### 1.4 Single set of professional standards

A single set of mandatory professional standards should apply to financial planners and these standards should be maintained and enforced by the single disciplinary body.

## 2.1 General advice

The law should be changed to rename the term 'general advice' to 'product information' and 'strategy information', which better reflects the definition and is less misleading to consumers. Any replacement must ensure that the term 'advice' can only be used in association with 'personal advice' – that is, advice that takes into consideration personal circumstances.

The general advice warning should be amended to include a statement that the recipient may benefit from advice which takes account of their personal circumstances and they should consider seeking advice from a financial planner.

At an appropriate point after renaming 'general advice' and amending the general advice warning, the Government should review the use of general advice to determine whether general advice is being provided in appropriate circumstances and if consumer interests are being protected.

### 2.2 Restricted and like terms protection

ASIC should review the use of the terms 'financial planner', 'financial adviser' and like terms (including 'financial coach', 'financial mentor' and 'financial guru') to determine if restrictions on the use of these terms are effectively protecting consumers from unqualified financial advice.

### 2.3 Sophisticated investor

The law should be changed to revise the test for a 'sophisticated investor' by increasing the dollar-value threshold to an appropriate and contemporary level, providing a method for indexation and introducing a financial capability measure.

### 2.4 Professional indemnity insurance

The recommendations of the St John report on 'Compensation arrangements for consumers of financial services' should be implemented in full to manage the cost, operation and effectiveness of professional indemnity insurance.

### 3.1 Professional registration

Registering with the single disciplinary body and maintaining accurate information on the register should be the individual responsibility of each financial planner, not their employer or licensee.

Information on the register relating to a financial planner should be verified by the single disciplinary body and represent an authorised record of whether a financial planner has complied with their professional standards.

### 3.2 Separation of product and advice

The law should be changed to separate the regulation of financial products from the regulation of financial advice.

### 3.3 Future of licensees

The law should be changed to focus the AFSL system on the regulation of financial products and remove the requirement for an AFSL to cover the provision of financial advice.

### **3.4 Tax and Centrelink agent status**

The Australian Taxation Office and Centrelink should improve their online access arrangements to ensure financial planners are able to act on behalf of their clients with respect to their tax obligations and benefits administered by Centrelink.

### **4.1 Access to data**

The consumer data right should be extended to superannuation products and be designed to allow financial planners who have been authorised by clients to act on their behalf by accessing their financial data.

### **4.2 Electronic disclosures and transactions**

The Government should work with industry stakeholders to improve the take-up and effectiveness of electronic methods of disclosure, consent and transactions, including through standardised processes and forms and, where appropriate, by requiring industry participants to provide electronic options.

### **5.1 Ability to receive the advice you want**

Regulatory guidance, including model Statements of Advice, should be provided to clearly articulate the circumstances in which a financial planner can provide advice on a limited scope engagement, with the aim of providing consumers with more options for how they receive affordable financial advice.

### **5.2 Small investment advice**

The law establishing 'small investment advice' should be changed to increase the threshold and allow for the provision of advice on superannuation. At a minimum, the threshold should allow for advice up to \$50,000 per person to cover voluntary concessional superannuation contributions and similar minor investments. A method of indexing the threshold may be appropriate to ensure it remains aligned with contemporary values.

### **5.3 Tax deductibility of advice**

All financial advice should have tax deductible status, regardless of what stage of the financial advice process it is provided and whether it directly relates to the creation of investment income.

## 5.4 Fees from superannuation

A single set of rules should apply to all superannuation accounts which allow the payment of fees for financial advice with appropriate requirements for renewal notices, disclosure and authorisation of fees.

## 5.5 Insurance advice fees

The Life Insurance Framework should continue to allow consumers to choose how to pay for their life insurance advice. Life insurance companies should provide consumers with flexibility in how financial advice is paid for by creating new fee collection options and new products that offer transparent and commission-free options.

### **SINGLE DISCIPLINARY BODY: THE KEY TO REDUCING RED TAPE**

The Morrison Government is due to establish a Single Disciplinary Body in 2021 as part of its implementation of the royal commission recommendations. The FPA believes it is imperative that the single disciplinary body be used to consolidate the current regulatory framework.

A single disciplinary body must streamline regulation. This consolidation would not only benefit financial planners by reducing costs and driving efficiencies but would allow them to potentially offer more affordable advice to more Australians.

The single disciplinary body should assume key functions of ASIC, FASEA and TPB as they relate to financial advice, thereby having primary responsibility for government oversight of the conduct of financial planners, setting mandatory professional standards, investigating potential breaches of mandatory standards and law, and applying discipline.

A single disciplinary body should be a single source of truth. Improving the productivity of financial planning practices and those that regulate them is essential for the continued growth of the profession and the provision of affordable financial advice.



## SUBMISSIONS MADE DURING 2019/20 FINANCIAL YEAR

### *Treasury: Treasury Laws Amendment (2019 Measures No. 2) Bill 2019*

On 29 July 2019, the FPA provided feedback in response to the Treasury consultation on genuine redundancy and early retirement scheme payments.

The FPA supports the proposed inserts for Treasury Laws Amendment (2019 Measures No. 2) Bill 2019, which seek to align access to the tax-free component for genuine redundancy payments with the Age Pension age.

### *ASIC: CP 313 - Product Intervention Power*

On 7 August 2019, the FPA provided feedback in response to the Australian Securities and Investments Commission (ASIC) consultation on proposed Product Intervention Power.

The FPA supports the proposed proactive power for ASIC to intervene when a product has resulted, will result or is likely to result in significant detriment to consumers. We welcome the provision that a type of product intervention includes the mandate of seeking personal advice before being offered the product.

### *Senate Economics Legislation Committee: Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Bill 2019*

On 12 August 2019, the FPA provided input into the Senate Economics Legislation Committee's consideration of the Treasury Laws Amendment (2019 Tax Integrity and Other Measures No.1) Bill 2019.

The FPA provided support for Schedule 7 of the Bill as it serves to strengthen the law to ensure employee superannuation entitlements are paid in full. This is a fundamental right of all Australians. The FPA has raised concerns about weaknesses in the current law in relation to employer payments of superannuation for nearly a decade, and encouraged the Parliament to ensure these changes are implemented as quickly and efficiently as possible to protect employees wage entitlements.

### *Treasury: Treasury Laws Amendment (Unfair Terms in Insurance Contracts) Bill 2019*

On 28 August 2019, the FPA provided feedback on Treasury Laws Amendment (Unfair Terms in Insurance Contracts) Bill 2019.

The FPA supports a regulatory environment that provides enhanced protections and outcomes for consumers. However, care must be taken to ensure the implementation costs incurred by insurers (both directly and via ASIC's cost recovery levy) do not drive up the cost of insurance cover.

***ASIC: CP 317: Unsolicited telephone sales of direct life insurance and consumer credit insurance***

On 29 August 2019, the FPA provided feedback in response to ASIC's Consultation Paper 317 on unsolicited telephone sales of direct life insurance and consumer credit insurance.

The FPA strongly supports ASIC's proposal to ban unsolicited telephone sales of life insurance when sold with general advice or no advice.

***Treasury: Review of the Tax Practitioners Board – Discussion Paper***

On 12 September 2019, the FPA provided feedback in response to Treasury's Review of the Tax Practitioners Board.

The FPA welcomes and supports Treasury in its efforts to complete a post implementation review on the Tax Agent Services Act 2009 and the operational effectiveness of the Tax Practitioners Board, particularly in relation to the regulation of tax (financial) advisers. The FPA highlighted the complex regulatory environment financial planners operate under and recommended that the TPB consider how it can engage with other regulators and adopt higher regulatory standards where they exist to simplify the regulatory environment.

***ASIC: CP 321: Whistleblower policies and draft Regulatory Guide 000***

On 18 September 2019, the FPA provided feedback on ASIC's Consultation Paper 321: Whistleblower policies, and the associated draft Regulatory Guidance.

The FPA supports the introduction of improved protections that encourage whistleblowers to disclose information to help identify and address misconduct and wrongdoing in the financial services sector and more broadly. The introduction of the new regime goes a long way to improving the current system.

However, we are concerned about the use of both mandatory and non-mandatory requirements mixed through the guidance and that code monitoring bodies do not appear to be covered by the whistleblower regime.

***Treasury: Treasury Laws Amendment (Measures for a later sitting) Bill 2019***

On 27 September 2019, the FPA provided feedback in response to the Treasury's consultation on Treasury Laws Amendment (Measures for a later sitting) Bill 2019: miscellaneous amendments, and the accompanying Explanatory Memorandum.

The FPA supports the proposed amendments to ensure the sharing of information between ASIC and code monitoring bodies for the purpose of enforcing the new Financial Planner and Financial Adviser Code of Ethics.

***Treasury: National Consumer Credit Protection Amendment (Mortgage Brokers) Bill 2019***

On 4 October 2019, the FPA provide feedback in response to Treasury's consultation on National Consumer Credit Protection Amendment (Mortgage Brokers) Bill 2019 and associated regulations.

The FPA supports a system of regulation that is simple and robust and benefits both consumers and financial services professionals. While it is important to provide appropriate protections for consumers, the Government should also be mindful to reduce duplication and inconsistency in regulation as a method of reducing compliance costs for business.

***Treasury: ASIC Enforcement Review Taskforce draft legislation - Search Warrants, Access to Telecommunications Intercept Material, Licensing and Banning Orders***

On 9 October 2019, the FPA provided comment on the draft legislation to implement the ASIC Enforcement Review recommendations in relation to Search Warrants, Access to Telecommunications Intercept Material, Licensing and Banning Orders.

The FPA supports the draft legislation and the proposed explanatory memorandums to implement the recommendations of the ASIC Enforcement Review. The FPA provided a number of comments and recommendations to enhance the alignment of the draft legislation with the intent of the recommendations from the Enforcement Review, and to improve the operation of the new laws in protecting consumers and the financial system.

***Treasury: Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Regulations 2019***

On 11 October 2019, the FPA provided feedback on the Corporations Amendment (Design and Distribution Obligations and Product Intervention Powers) Regulations 2019.

The FPA supported additional measures to extend the Design and Distribution Obligations (DDO) and Product Intervention Powers (PIP) to credit products. We reemphasised our position in relation to financial advice and support the exclusion of personal advice under 'excluded conduct' in the act based on the best interest's duty obligations to personal advice.

***Treasury: Exposure Draft of the Superannuation (Unclaimed Money and Lost Members) Regulations 2019***

On 25 October 2019, the FPA provided feedback to Treasury in response to the Exposure Draft of the Superannuation (Unclaimed Money and Lost Members) Regulations 2019.

The FPA sought clarification on the time frames for meeting the conditions of release of benefits specified within Part 5 of the Exposure Draft. We noted that some of these conditions of release are "point in time" (e.g. permanent incapacity, retirement, etc.) and other may be considered to be ongoing and provide a regular income stream payment for the member (e.g. attaining preservation age and paying a transition to retirement income stream).

### *ASIC: Draft Legislative Instrument and revised RG38: The hawking prohibitions*

On 1 November 2019, the FPA provided feedback in response to ASIC's draft Legislative Instrument and revised Regulatory Guide to enact anti-hawking provisions in relation to life insurance and consumer credit insurance products.

The FPA supported and welcomed the clear exemption of the offer of a life insurance product if made with the provision of personal financial advice and acknowledge ASIC's efforts in addressing many of the concerns raised in our previous submission.

### *APESB: Exposure Draft 04/19 - Revision of APES 230: Financial Planning Services*

On 11 November, the FPA provided feedback to the Accounting Professional & Ethical Standards Board on its proposed amendments to APES 230 Financial Planning Services.

The FPA recommended an appropriate transition is required for an annual opt-in. APESB should include this proposal in its more extensive review of APES230 in relation to the RC recommendations and FASEA Code, due out in November.

### *FASEA: Code of Ethics Guidance*

On 25 November 2019, the FPA provided feedback in response to the Financial Adviser Standards and Ethics Authority's (FASEA) Code of Ethics guidance.

The FPA noted that it supports the introduction of a compulsory code of ethics for the financial advice profession. However, the FPA made 17 recommendations in relation to improving FASEA's guidance to improve clarity for members on the operation of the Code. The greatest concern was the timing and compliance of the code as advisers are expected to comply with the code without any time transition to amend their business processes. As the priority was to Standard 3, the FPA recommend that FASEA work with Government and ASIC to facilitate compliance with the Code for a 12 month period based on FASEA's delay in setting the standard and providing clear guidance.

### *Senate Select Committee on Financial Technology and Regulatory Technology*

On 23 December 2019, the FPA provided feedback to the Select Committee on Financial Technology and Regulatory Technology.

The FPA highlighted that fintech is not displacing jobs in wealth management but rather enhancing the role of financial advisory services. Further, the FPA took the opportunity to showcase our support for members adopting new fintech software.

These projects include fintech white paper, digital buyers' checklist and, more recently, our guidance on the future of the statement of advice (FOSOA). In summary, financial planners are in a great position to benefit from regulatory reforms that support fintech development.

### *Treasury: Making insurance claims handling a financial service*

On 10 January 2020, the FPA provided feedback in response to Treasury's exposure draft legislation and regulations to make insurance claims handling a financial service.

The FPA supports the royal commission's recommendation 4.8, that the handling and settling of insurance claims, or potential insurance claims, should no longer be excluded from the definition of 'financial services'.

### *Treasury: 2020-2021 Budget Submission*

On 31 January 2020, the FPA submitted its pre-budget submission for the 2020-2021 financial year.

The FPA submission made five recommendations designed to reduce regulatory costs and help planners provide advice to more Australians.

### *Treasury: Compensation Scheme of Last Resort (CSLR)*

On 7 February 2020, the FPA submitted recommendations to Treasury relating to the Compensation Scheme of Last Resort (CSLR).

The FPA has previously opposed the establishment of a Compensation Scheme of Last Resort (CSLR) as a first step in ensuring compensation for unpaid determinations from financial services complaints, and the Government should focus on identifying and rectifying why the professional indemnity requirements have failed.

### *Treasury: Stamping fee exemption*

On 20 February 2020, the FPA provided feedback in response to Treasury's consultation on the stamping fees exemption that applies to listed investment entities.

The FPA supports the removal of the exemption that allows stamping fees on listed investment entities. The FPA believes that fees for financial planning services should be paid by clients, not by product providers, and stamping fees do not promote clients to understand and compare the fees they are paying. In 2009 FPA members voted to ratify the FPA Remuneration Policy which sets out principles for best practice financial planner remuneration. The policy states that members should move to a client directed remuneration model from 2012. While it is not mandatory, the policy has been effective at promoting best practice for remuneration in financial planning.

### *Treasury: Financial Services Royal Commission Implementation*

On 28 February 2020, the FPA provided feedback to the following draft recommendations of the Financial Services Royal Commission:

- FSRC Recommendation 2.1: Ongoing Fee Arrangements
- FSRC Recommendation 2.2: Disclosure of non-independence
- FSRC Recommendations 3.2, 3.3: Advice fees in superannuation
- FSRC Recommendations 1.6, 2.7, 2.8, 2.9, 7.2: Reference checking and information sharing, breach reporting and remediation

### *Independent Review: Retirement Income Review Submission*

On 3 February 2020, the FPA provided a submission to the Government's independent review of the retirement income system. The review was designed to focus on the three pillars of the existing retirement income system, being aged pension, compulsory superannuation and voluntary savings.

The FPA highlighted that financial advice should be recognised as performing a critical role in the cohesion of the retirement income system and the integration of the three pillars. There is also a need to consider how different generational groups interact with the system and address the broader financial literacy of consumers. The FPA also highlighted opportunities to improve access to financial advice, as per our submission to the pre-budget submission.

### *Attorney-General's Department: Enhancing protections relating to the use of Enduring Power of Attorney Instruments*

On 9 March 2020, the FPA provided feedback to the Attorney-General's Department on its Consultation Regulation Impact Statement on enhancing consumer protections for the use of Enduring Powers of Attorney (EPOA) instruments.

The FPA supported a secure national register of EPOAs with an automated system for registration. Financial planners should be authorised as third parties of EPOAs on the register.

### *ASIC: CP325 - Product Design and Distribution Obligations*

On 11 March 2020, the FPA provided feedback on ASIC's consultation on product design and distribution obligations.

The FPA supports ASIC's principles-based approach as it allows organisations to adopt a suitable and proportionate approach to reporting and compliance. In our response, the FPA answered questions that asked about information sharing and reporting obligations around target market determinations. The FPA strongly believes that through the existing regulation of personal advice, consumers are protected from being recommended unsuitable financial products. We believe these protections should be extended to other distributors of financial products.

### *TPB: Review of the Tax Practitioners Board's (TPB) Continuing Professional Education (CPE) Policy for tax practitioners*

On 18 March 2020, the FPA provided input into the Tax Practitioners Board's (TPB) review of its CPE Policy for tax practitioners.

The FPA supports a regulatory regime that is simple and broadly addresses the core issues at the heart of CPE provision, without creating additional complexities or regulatory burdens. Our submission is based on this principle. The FPA strongly encourages the TPB avoid unnecessary regulatory duplication and to accept the completion of CPD for FASEA purposes, and associated record keeping and evidence, as meeting the TPB's requirements for tax (financial) advisers.

### *ASIC: CP329: Implementing fee consent and independence disclosure*

On 7 April 2020, the FPA provided feedback in response to ASIC consultation (CP329) Implementing the Royal Commission recommendations: Advice fee consents and independence disclosure.

The FPA agrees financial advisers should be required to periodically review and renew ongoing fee arrangements, document them, and seek the consent to charge their clients. However, we believe there should be flexibility in the obligations to allow advisers to meet the annual requirements that best suit their clients. The ASIC instruments that aim to prescribe the product consent forms for ongoing and non-ongoing fees should be not duplicate current consumer protections that are already provided through renewal notices and fee disclosure statements.

The FPA supports the flexible approach ASIC has proposed for the non-independence disclosure statement and suggests changes to improve the consumer understanding of the disclosure.