

MEDIA RELEASE



FOR IMMEDIATE RELEASE

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FPA RAISES THE BAR ON DISCLOSURE; BANS PRACTICES LINKED TO PRODUCT OR VOLUME SALES

Financial planners who are members of the Financial Planning Association (FPA) will no longer be able to accept any alternative remuneration or 'soft dollar' benefits linked to product or volume sales under a Code of Practice to be adopted from 1 August 2004.

The draft Code of Practice on Alternative Remuneration in the Wealth Management Industry, developed by the FPA and the Investment and Financial Services Association (IFSA) and issued for member consultation in December 2003 has been formally adopted.

The FPA has also released for member consultation a draft Industry Guideline on Rebates and Related Payments. It proposes standard definitions and disclosure of rebates and related payments at all levels within the financial services industry. Members have until 9 August 2004 to comment on the draft.

FPA CEO Kerrie Kelly said: "As a third phase of this ongoing work on disclosure and remuneration, a group of FPA Principal members is seeking to establish principles in relation to a number of areas where potential or perceived conflict of interest may exist. Our aim is to provide a benchmark for the disclosure that is required of members.

"Taken together, these FPA initiatives address all of the 11 categories of what the Australian Securities and Investments Commission (ASIC) referred to as soft dollar benefits in the June 2004 research report, *Disclosure of soft dollar benefits*.

"The Code of Practice on Alternative Remuneration becomes an integral part of the FPA's Code of Ethics and Rules of Professional Conduct from 1 August with a transition period to 1 January 2005 for full compliance.

"Our members will no longer be able to accept free travel and accommodation at conferences based on the volume of sales of a manufacturer's product, computer hardware or office accommodation, cash or gifts of any sort over the value of \$300. Other benefits will need to be disclosed on public registers to be established by FPA Principal members.

“Compliance with the Code, and with the Rebates Guideline once adopted, will be monitored and any complaints against FPA members fully investigated. Where breaches are upheld, details will be published on the FPA website”, Ms Kelly said.

An FPA position paper on *Improving payments and remuneration practices in financial planning* is available on the FPA website, <http://www.fpa.asn.au/FPA/MediaCentre/SubmissionsandPublications/FPApositionpapers.asp>

The Code of Practice on Alternative Remuneration in the Wealth Management Industry is available on the FPA website, <http://www.fpa.asn.au/Consumers/Publications.asp>

Editor’s note:

For copies of the draft Industry Guideline on Rebates and Related Payments in the Wealth Management Industry, please contact susan.grice@fpa.asn.au.

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