

MEDIA RELEASE



FOR IMMEDIATE RELEASE

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FPA TARGETS “SOFT DOLLARS” IN DISCLOSURE CAMPAIGN

The Financial Planning Association will target “soft dollar” remuneration as part of its campaign to raise professional standards in the financial planning industry.

Announcing this today, FPA Acting Chief Executive, June Smith, said the FPA and the Investment and Financial Services Association had formed a joint working party to identify and further develop a consistent industry view on soft dollar benefits.

She said the objective was to develop best practice industry standards for managing conflicts of interest in relation to payment structures as well as providing a consistent standard for fee disclosure.

Ms Smith said while the FPA’s position was to discourage soft dollar incentives, it was important to distinguish between payment structures that presented a conflict of interest and incentive payments based on performance that were not aligned to specific products or fund managers.

“This also applies to incentive payments that act to develop and grow the industry”, she said.

The soft dollar initiative is one of a number of initiatives under the FPA’s Professional Partner Program to directly address disclosure issues. The Professional Partner Program consists of five campaigns, including the disclosure campaign. The overall objective of the Professional Partner Program is to raise the level of professionalism in the industry.

In another disclosure campaign initiative, Ms Smith announced the appointment of Professor Ian Ramsay to undertake research and prepare a discussion paper on the disclosure of fees and commissions.

She said Professor Ramsay had been asked to provide recommendations on:

- Whether payment structures should align the interests of the consumer with the adviser.
- How the market should determine payment structures.

- Reviewing the FPA's Business Tool No. 3 – *Disclosure of Financial Adviser Benefits*.
- The standardisation of disclosure documents.
- Seeking clarity, description and agreement on soft dollar and other incentives paid to dealers.
- Exploring ownership relationships with financial product and or platform providers.

Professor Ramsay's report is due to be completed in December.

FPA members will be invited to comment on an industry discussion paper incorporating Prof Ramsay's report during January and February next year.

An industry roundtable will be held 25 March next year to discuss the outcomes.

- Ends -

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Financial Planning Association of Australia Limited

The Financial Planning Association is the peak professional organisation for the financial planning industry in Australia. It has more than 14,500 members servicing five million Australians with a combined investment value of \$630 billion. The FPA promotes improved quality of financial advice for consumers and high standards of ethical and professional behaviour amongst its members.

PROFESSOR IAN RAMSAY

Ian is the Harold Ford Professor of Commercial Law in the Faculty of Law at The University of Melbourne where he is Director of the Centre for Corporate Law and Securities Regulation. He has practised law with firms in New York and Sydney. Other positions Ian currently holds or has previously held include:

- Dean, Faculty of Law, The University of Melbourne
- Member and Acting President of the Takeovers Panel (which is the main forum for resolving takeover disputes)
- Deputy Director of the Federal Government's Companies and Securities Advisory Committee where he wrote a number of reports which resulted in changes to the law including a report on directors' and officers' insurance
- Head of the Federal Government inquiry on auditor independence
- Member of the Corporations and Markets Advisory Committee (which is the Federal Government's main corporate law reform advisory body)
- Member of the Federal Government's Implementation Consultative Committee for the Financial Services Reform Act
- Member of the Executive of the Business Law Section of the Law Council of Australia
- Member of the Corporations Law Committee of the Australian Institute of Company Directors and the Corporations Law Committee of the Law Council of Australia
- President of the Corporate Law Teachers Association
- Member of the International Federation of Accountants taskforce on rebuilding confidence in financial reporting
- Consultant to the Australian Securities and Investments Commission and author of the report for ASIC on disclosure of fees and charges in superannuation and other managed investments
- Member of the Australian Securities and Investments Commission's Corporate Governance Roundtable
- Consultant to the Australian Law Reform Commission for its managed investments project
- Member of the Australian Law Reform Commission's Advisory Committee for its civil and administrative penalties project
- Consultant to the Victorian Government on corporate law reform
- Distinguished Visiting Professor, Faculty of Law, The University of Toronto
- Distinguished Visiting Professor and Professorial Fellow, Faculty of Law, The University of Hong Kong

Ian has published extensively on corporate law issues both internationally and in Australia. His books include Ford's Principles of Corporations Law – which is Australia's leading corporate law book - (co-author, 11th edition, 2003); Experts' Reports in Corporate Transactions (co-author, 2003); Commercial Applications of Company Law (co-author, 4th edition, 2003); Key Developments in Corporate Law and Trusts Law: Essays in Honour of Professor Harold Ford (editor, 2002); Commercial Applications of Company Law in New Zealand (co-author, 2002); Commercial Applications of Company Law in Malaysia (co-author, 2002); Company Directors' Liability for Insolvent Trading (editor, 2000); The Corporate Law Economic Reform Program Explained (co-author, 2000); Securities Regulation in Australia and New Zealand (co-editor, 1998); The New Corporations Law (co-author, 1998); Corporate Governance and the Duties of Company Directors (editor, 1997); and Education and the Law (co-author, 1996).

In addition, he has published approximately 100 research reports, book chapters and journal articles.

His publications have been cited by the High Court of Australia, the Federal Court of Australia, the Courts of Appeal of the Supreme Courts of New South Wales, Victoria and Western Australia, as well as by the Supreme Courts of Queensland and South Australia.

Ian is one of Australia's most successful academic lawyers in terms of competitive research grants.

Ian is a respected commentator in the media on corporate governance and corporate law. He is regularly interviewed in the financial press and has been interviewed for international newspapers including the New York Times. His research has been reported in international newspapers including the Financial Times. Ian has been interviewed on major TV programs such as the 7.30 Report, Lateline and Business Sunday, as well as radio programs including the Law Report and various current affairs programs.