

Constituents’ Submissions – Specific Comments
Exposure Draft 04/19: APES 230 *Financial Planning Services*

Note: General comments relating to APES 230 are addressed in a separate table. This table excludes minor editorial changes.

Item No.	Paragraph No. in ED	Respondent	Respondents’ Comments	Change made to standard?
1	8.2(b)(iii)	FPA	<p>The FPA notes that the Exposure Draft includes an amendment to provision 8.2(b)(iii) requiring: <i>“Members to obtain an annual consent in writing from the client to continue to charge and collect the professional fee on a percentage basis”.</i></p> <p>As per provision 1.2, this change will come into effect on 1 January 2020.</p> <p>Under the proposed amendments to APES 230, Members would have 34 business days from the end of the public consultation period of the Exposure Draft, to change business practices, processes and systems from the current biennial opt-in to an annual client opt-in. The FPA suggest this is an unreasonable timeframe for such a significant change and strongly recommend an appropriate transition period is necessary.</p> <p>The FPA recommend the APESB consider this change under its separate Consultation Paper due to be released in late 2019 in relation to the Government’s implementation of recommendations from the <i>Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry</i>, and the introduction of the FASEA <i>Financial Planners and Advisers Code of Ethics</i>.</p>	No
2	8.2	CPAA	<p>CPA Australia supports the proposed amended paragraph 8.2 which requires members to obtain informed consent annually (changed from the extant requirement of biannually) in writing to charge and collect fees on a “percentage of funds under management” basis. We note that annual client acceptance is included in Recommendation 2.1 of the <i>Financial Services Royal Commission Implementation Roadmap (August 2019)</i>¹.</p> <p>¹http://www.treasury.gov.au/sites/default/files/2019-08/399667_Implementation_Roadmap_final.pdf</p>	No
3			<p>In addition to the key proposed amendments, the APESB has requested respondents to provide specific comment on the following issue identified on page 5 of the ED.</p> <ul style="list-style-type: none"> • Whether the existing provisions in (APES 230) require amendments due to the use of digital technology and artificial intelligence (AI). 	No

Item No.	Paragraph No. in ED	Respondent	Respondents' Comments	Change made to standard?
			<p><i>Digital Technology and AI</i></p> <p>The International Ethics Standards Board for Accountants (IESBA) has established a Working Group (WG) to examine the potential impact of digital technology and artificial intelligence on the Code of Ethics for Professional Accountants (the Code). Without pre-empting the recommendations of the WG, it is reasonably foreseeable that changes and/or inclusions may be made to the Code which will subsequently require the APESB to consider changes to APES 110 Code of Ethics for Professional Accountants (APES 110)</p> <p>Recent amendments to APES 110 include paragraph 19 which states</p> <p style="padding-left: 40px;"><i>All Members are required to comply with the Code and relevant Professional Standards, and to be familiar with guidance notes, when providing Professional Activities.</i></p> <p>The inclusion of paragraph 19 cascades compliance with APES 110 to all Pronouncements issued by the APESB. Therefore, CPA Australia suggests that any principles-based changes proposed to address ethical issues relating to digital technologies and AI, be made within APES 110.</p>	

RESPONDENTS

1	FPA	Financial Planning Association of Australia
2	CPAA	CPA Australia