



Ashly Hope
Strategic Policy Advisor
Australian Securities and Investments Commission

By email: ashly.hope@asic.gov.au

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RE: Consultation Paper 224 – Facilitating electronic financial services disclosure

Dear Ashly,

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback on Consultation Paper 224 – Facilitating electronic financial services disclosure. We are encouraged that ASIC is providing leadership in this space, and giving the financial services sector greater confidence to explore more effective and efficient ways to disclose information to clients.

The FPA agrees with Option 4 as presented in the consultation paper. Our view is that electronic disclosure will eventually replace hard copy disclosure for the majority of users of the financial system, and though that point has not been reached for the financial services sector, it is nonetheless important that the regulatory environment facilitates the transition.

The transition to electronic disclosure presents several challenges for engaging retail investors to read and understand disclosure documents, but also presents new opportunities. In our view, the two greatest challenges posed by electronic disclosure are; ensuring that retail clients receive disclosure documents in the form that they are most likely to read and understand; and addressing the particular risks of electronic disclosure for misleading retail investors. These problems are not unique to electronic disclosure processes, and are consistent issues with disclosure-based regulatory strategies. Appendix A of this submission responds to questions in CP224 with those challenges in mind.

If you have any questions, please do not hesitate to contact me on 02 9220 4500 or dante.degori@fpa.asn.au, or Nicholas Melas, Policy Analyst, on nicholas.melas@fpa.asn.au.

Yours sincerely,

Dante De Gori
General Manager Policy and Conduct
Financial Planning Association of Australia¹

¹ The Financial Planning Association (FPA) represents more than 10,750 members and affiliates of whom 8,055 are practicing financial planners and more than 5,500 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first “policy pillar” is to act in the public interest at all times.
- We banned commissions and conflicted remuneration on investments and superannuation for our members in 2009 – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Dr June Smith, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 24 member countries and the 150,000 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 17 Australian Universities for degrees in financial planning. All new members of the FPA are required to hold, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional bodies, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board



APPENDIX A – FEEDBACK QUESTIONS

A1Q4

We anticipate that facilitating more innovative PDSs and other disclosure documents will allow product providers, advice providers, and other AFS licensees to provide better documents. However, while we do support the proposals in CP224, the information provided does not indicate whether or not research has been conducted to assess how the behaviour of retail clients may change as a result of implementing these proposals. In line with the ASIC's approach in REP384, which considered how consumer behaviour is influenced by the complexity of financial products and the context in which retail investors consider acquiring them, changes to facilitate electronic disclosure should be informed by consumer behaviour.

B1Q1

The FPA agrees with ASIC making specific provision for the delivery of disclosures to an email address in RG221. The main benefit, other than reduced cost for advice providers, is that using email to deliver disclosures enables advice providers and other financial services firms to collect more data about which information retail investors will read, and about the effectiveness of disclosure generally.

B1Q4

We do not agree that the provision of an email address means a client or potential client will always be comfortable with receiving all disclosure documents in that form. For example, CP224 discusses the possibility of electronic delivery of Statements of Advice through lifting restrictions on hyperlinks to digital Statements of Advice. This may be appropriate in some advice contexts, but in others it may be more appropriate for the client to receive a hard copy. Advice providers should make a judgement about which method is most appropriate, given the nature of the document and the preference of the client.

C1Q5

The FPA supports this relief being extended to Statements of Advice, as this would help facilitate more interactive documents that engage the client in the advice process.

C2Q4

The FPA supports this relief being extended to Statements of Advice, as this would help facilitate more interactive documents that engage the client in the advice process. This guidance would be particularly useful to counteract the perception that the regulatory environment for Statements of Advice requires them to be lengthy and technical documents.