

Richard, please consider this to be the AIOFP submission. Considering our past detailed documents we will summarise our members views for your consideration.

1. We totally agree with the banning of product commissions, they are a conflict and should be eliminated. With this in place, any other conflicted remuneration payments will be naturally eliminated.

2. With advisers being forced to seek payment from their clients, they will naturally be liaising with clients on an annualised basis to justify payment and performance. These natural market conditions renders the OPT IN proposal irrelevant to both clients and the advisers.

3. We consider platform rebates NOT to be conflicted remuneration. They relate to administration services not investment products. Platform rebates fund around 85% of the advice industry where all banks/life companies and industry funds subsidise their advice practices with platform rebates AKA profit share. The attached letter from the Treasurer to an adviser sums up the Governments discriminatory attitude. They know about it, it is too hard to unravel in political/commercial/legal terms but they are going to let the Institutions and industry funds benefit and NOT the independents. We contend this is discrimination, it will lead to a diminished competitive environment and a unfair advantage to one sector of the market. Needless to say we have sought legal advice and it will be challenged.

4. We agree with the best interests piece but like OPT IN, it is theoretically unnecessary as we are subject to a fiduciary duty in the courts. As always, the devil will be in the detail when released.

We believe FOFA misses two fundamental elements that has led to product failure in the past and will continue to occur until they are addressed. ASIC should be given more power upfront to scrutinise PDS before they go to market and the conflicted gate keeping role of the Research Houses needs to be restructured.

Please do not hesitate to contact us if you require any further information.

Regards.

Peter Johnston

Executive Director

ASSOCIATION OF INDEPENDENTLY OWNED FINANCIAL PLANNERS