

Appendix B - Assessment of the ISA Claim of the FoFA Amendments Allowing the Return of Commissions in 10 Ways

Please note ISA has claimed 10 ways, however their supporting table only lists 9.

Claimed Way	Assessment	Reason
Exemption of general advice from the ban on commissions	This is a new conflicted remuneration exemption, however not available to financial advisers	This is a new exemption targeted at banks and call centres. The scope has been significantly tightened in the final legislation and will not apply to self-employed financial advisers or those advisers who seek personal information from the client.
Allowing commissions on insurance inside super	An extension of an existing exemption that has not been included in the final legislation	Commissions on insurance inside super are already permitted if it is via an individual life policy. The Government originally intended to allow this to be extended to include group life policies as long as personal advice was provided, but they have not proceeded with this.
Volume based shelf space fees	Clarification	The application of the Volume Base Shelf Space fee provisions is simply being clarified and there is no mechanism of passing it to financial advisers
Allowing client directed Payments	Clarification	This provision simply clarifies how the payment can be made by the trustees of a superannuation fund on behalf of members
Commissions on execution only services	An extension of an existing exemption	An exemption for execution only business already existed in the legislation. This is an extension to an existing exemption refining the circumstances under which it applies
Balanced scorecard employee bonuses	Clarification	This is already possible and specifically referred to in the original explanatory memorandum and regulatory guidance. Any volume based bonus would be limited to 5% of total remuneration
Mixed benefits	Clarification	This is a clarification and simplifies an existing regulation
Grandfathered benefits on sale of a business or group of clients	Clarification	This is a clarification. ASIC guidance and regulations already allow the retention of grandfathering on the sale of a business or group of clients
Extending grandfathering to clients transition from growth super to pensions	Clarification	This is a clarification. Regulations from the previous Labor government already permit this in certain circumstances