

SIAA monthly

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**The complexity of operating
across fragmented applications
and platforms is unsustainable**

Do managed accounts have a place in your HNW portfolios?

Employing active ETFs to stay invested as the fear of missing out arises

EXPERT INSIGHTS:
Why Fixed Income Operations matter for wealth managers!

Why 'Best of Breed' is building a smarter tech stack

AUSTRAC ramps up regulatory interventions; outlines Regulatory Priorities for 2025-26

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Serving the interests of investors

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MESSAGE FROM THE CEO



Judith Fox, CEO

Membership renewal is coming up next month. You will have received an email from our Member Services Manager, Diem Tran, alerting you to this.

Achievements on behalf of members

SIAA works hard to support you, our members. We had a significant achievement last year after ongoing advocacy when we persuaded all the advice associations to get behind a proposal to reform the education standard for financial advisers. The government saw the consensus and so Treasury began work on developing the policy to give form to the change. Unfortunately, between the election, the appointment of a new Minister for Financial Services and a backlog of work on the Delivering Better Financial Outcomes (DBFO) legislation, the move to implement this reform stalled.

Regrettably, SIAA has been advised that the government has decided

any change to the education standard for financial advisers needs to proceed in lockstep with the introduction of the so-called “new class of adviser” under the DBFO reforms. This is regrettable, as our members are of the view that significant risk attaches to this new group and any qualifications that are imposed on them should be separate from those imposed on fully qualified advisers. Linking them merely perpetuates the confusion as to who can provide qualified advice.

SIAA continues to advocate for the Minister to act sooner rather than later on this much-needed reform. The deadline is approaching for completion of the education standard by the end of 2025 and ASIC analysis of the Financial Adviser Register (FAR) suggests that, of the 15,610 relevant providers registered on the FAR as at 28 May, only 11,006 had notified the regulator that they would be relying on the experience pathway or had met the education requirements. Of the remaining 4,604 relevant providers, ASIC speculated that some 1,844 may be eligible for the experience pathway but have yet to notify ASIC, leaving some 2,760 yet to fulfil the requirements to continue providing advice from 1 January 2026. The financial advisers in our member firms have completed their education, so will be eligible to continue to be registered on the FAR, but it is expected a minimum of 1,000 advisers will leave, bringing numbers

down to 14,500. That is 50% fewer advisers than 2019.

The outcome of being the voice of members

Other successes we achieved for members include:

- The Senate Committee inquiring into the wholesale investor test recommended not to change the monetary test thresholds — the Committee agreed with our submission that evidence of harm had not been provided and consultation with industry was required.
- After CHES settlement failed last December, we recommended to ASIC that an independent review of the CHES code was required. ASIC accepted this recommendation, directing ASX to engage an expert approved by ASIC to undertake a technical review of CHES.
- SIAA brought all stakeholders together, including ASIC and AUSTRAC, with ASX, for a proactive approach to deal with share sale fraud.
- SIAA queried significant fees that IRESS sought to impose on market and clearing and settlement participants for its capital expenditure on Service Release 15, which resulted in the successful implementation of SR15 without this additional cost.
- SIAA brought together the CEOs and heads of private wealth and

“ SIAA brought together the CEOs and heads of private wealth and advice of our member firms to work on ways to improve gender balance in the industry. The outcome of this is the development of an authentic and aspirational industry brand blueprint that highlights the positive values and future vision for the industry. I will have more to report on this in later columns.

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- SIAA provided a united voice with other advice associations on successfully seeking a review of the Compensation Scheme of Last Resort

As ever, there are further challenges ahead and we are making sure your voice is heard on issues such as the CHES replacement project; the Market Integrity Rules; and Delivering Better Financial Outcomes.

As you will be aware, there are many other parties involved in all of these policy decisions and our aim is always to bring your perspective to the discussions. We bring your expertise and knowledge of the issues and set

out the impact of proposed changes on your clients, your businesses and your own circumstances.

We need your support to be able to support you by engaging with policy makers and regulators to seek sensible regulatory outcomes. We look forward to you renewing your membership so we can be your collective voice.

Annual Australian Microcap Investment Conference

SIAA has been an Association Partner of the Annual Australian Microcap Investment Conference for some years. The conference is being held on Tuesday 21 and Wednesday 22 October 2025 at the Sofitel Melbourne on Collins. SIAA members can access a complimentary registration to the conference (registration valued at \$695). Use the code SIAA2025 when registering. You can find more information on page 19.

ACTING FOR YOU

SIAA exists to represent our members and work in their interests. Below are the key issues we are currently working on:

- ✓ Financial Adviser education standards
- ✓ Delivering Better Financial Outcomes reforms
- ✓ Impact of the Compensation Scheme of Last Resort
- ✓ Australia's evolving capital markets
- ✓ ASIC Industry Funding Model
- ✓ ASIC consultation on publication of breach reporting and IDR data
- ✓ Market Integrity Rules
- ✓ ASX CHES Replacement Project
- ✓ ASX Mfund wind down
- ✓ Cboe's proposed new listings framework
- ✓ Wholesale investor test
- ✓ Share sale fraud
- ✓ Competition in clearing and settlement
- ✓ AFCA rules, operational guidelines and determinations
- ✓ TPB matters.

COMMITTEE NEWS – SEPTEMBER 2025

Upcoming meetings of the Stockbrokers and Investment Advisers Association – Committees, Working Groups and Advisory Panels:

Derivatives Committee, Tuesday 2 September 2025

Chair: Te Okeroa MSIAA, AUSIEX

Operations & Technology Committee, Tuesday 9 September 2025

Chair: Peter Robinson MeSIAA, AUSIEX

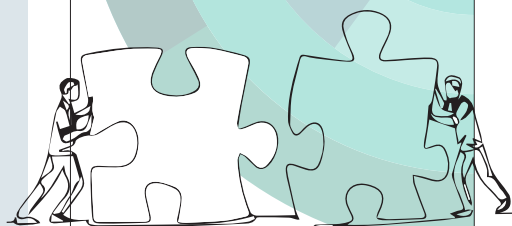
Compliance Committee, Thursday 11 September 2025

Chair: Melissa Nolan MSIAA, Ord Minnett



New Student Affiliate [StuAfSIAA](#)

Jason Ho, University of New South Wales



Professional association pathway to stay for tax (financial) advice

The government has announced that it will not remove the professional association accreditation and registration pathway for those providing tax (financial) advice who are required to register with the TPB.

The government undertook a review of the TPB registration requirements for tax practitioners with a particular focus on the education, qualification and experience requirements for new entrants and existing practitioners last year.

We provided comprehensive feedback to the review pointing out that SIAA's members are a unique category of TPB registrants and rely on the professional association pathway as they

play a fundamentally different role in the TPB ecosystem. They typically do not have the education and qualifications that other TPB registrants have. Our members are not tax practitioners in the technical sense – they don't prepare or lodge tax returns or BAS statements – yet they are caught up in the same regulatory regime.

We argued that removing the professional association pathway would leave our members without a pathway to registration with the TPB as there was no other pathway that they could use. While ever stockbrokers and investment advisers who provide incidental tax advice to wholesale clients are required to be registered with the TPB,

the recognised professional association pathway must be retained.

We are pleased that the government has taken our views into account and decided to retain the professional association pathway to TPB registration.

SIAA is an accredited professional association for the purposes of TPB registration. This means that members relying on the professional association pathway will continue to be able to do so subject to SIAA being accredited by the TPB. Accreditation is subject to annual assessment by the TPB.

The link to the government announcement is [here](#).

ASIC warns market participants about ASX trading service misuse

ASIC has issued a warning to market participants against the misuse of ASX's Unintentional Crossing Prevention service, having recently observed its improper use.

The Unintentional Crossing Prevention service is an optional ASX trading feature which market participants can use to prevent wash trading on ASX Trade and ASX24 platforms.

ASIC has pointed out that as the name suggests, it is solely intended to address unintentional crossings.

In its recent Market Integrity Update, ASIC states that the service should not be relied upon for deliberate trading strategies of placing overlapping orders as ASIC considers this use of the Unintentional Crossing Prevention service is improper and may give rise to breaches of market integrity rules and market manipulation provisions.

ASX is currently updating its guidance and information regarding the Unintentional Crossing Prevention

service's functionality across trading phases.

ASIC has stated that market participants should be aware that during pre-auction phases, overlapping bids and offers remain visible to the market and take part in the auction even if the Unintentional Crossing Prevention service is applied. In the auction, they may execute against each other, or other orders, and accordingly impact the price.

Consequently, despite application of the Unintentional Crossing Prevention service, a participant's overlapping orders and resulting trades during these periods may create a false or misleading appearance with respect to the market for a financial product in breach of the market integrity rules or contravene the prohibition against market manipulation.

ASIC warns that market participants should not solely rely on the Unintentional Crossing Prevention service as a mechanism to prevent

wash trades and must have in place the necessary controls to ensure that trading messages do not interfere with the efficiency and integrity of the market, such as:

- pre-trade filters for automated order processing that prevent orders which may self-execute from entering the market,
- post-trade alerts that detect wash trades, and
- qualified and experienced personnel to conduct pre-trade and post-trade reviews to identify unusual activity.

ASIC is monitoring markets for misuse of the Unintentional Crossing Prevention service or other trading services and will take action, where appropriate to protect market integrity.

The link to ASIC's latest Market Integrity Update that includes the announcement is [here](#).

CSLR – SIAA provides feedback on how to deal with levy blow-out

The Minister for Financial Services has asked Treasury to consult on the options available to deal with the costs blow-out in the FY26 levy for the Compensation Scheme of Last Resort.

On 31 January 2025, the CSLR operator released its initial estimate for FY26 which was \$77,974,540 of which \$70,109,667 was attributed to the financial advice sub-sector. As this amount exceeded the \$20 million sub-sector cap the operator obtained a revised estimate that enlivened the Minister's powers under the Corporations Act to make a decision about the excess. This revised estimate was \$75,698,425 of which \$67,288,986 was attributed to the financial advice sub-sector – a levy excess over the sub-sector cap of \$47,288,986.

The options available for the Minister to deal with the FY26 levy blow-out are:

- Spread compensation payable by the CSLR over a longer period of time and pay claimants by way of instalments.
- Apply a special levy just to the sub-sector whose cap has been exceeded.
- Apply a special levy to several sub-sectors.

The Minister is not required to exercise these powers or make any decision.

SIAA has provided comprehensive feedback on the various options that were provided as well as the urgent need to re-design the scheme which is unsustainable in its current form.

The CSLR was built on the shaky foundations of moral hazard. The scheme currently punishes firms who are well-resourced and have invested in their systems, processes, training and secured appropriate PI insurance cover by requiring them to pay for the misconduct of those bad actors who have failed to do so. The shortcomings of its

various components are obvious now that the scheme is in operation.

The government's reneging on its promise to fund the scheme's establishment and costs for the first year has exacerbated the negative consequences of the design of the scheme. The scheme never had the opportunity to build up its reserves. No Regulatory Impact Statement was provided to explain this decision. It can only be assumed that the government saw exactly what was coming and made sure it didn't have to contribute to it.

It is inequitable and unsustainable for all of the losses arising from the misconduct of bad actors carried out on an industrial scale to be sheeted home to the personal financial advice sub-sector. This is an industry-wide issue that must be dealt with by the entire industry, not limited to the personal financial advice sub-sector and the 15,410 individual advisers who provide personal advice to retail clients.

We recommended that the most appropriate option for dealing with the FY26 levy blow-out is to impose a special levy on a large number of sub-sectors under the ASIC Industry Funding Model that spreads the cost burden as widely as possible. While imposing a special levy on all retail-facing sub-sectors to pay for the FY26 levy blow-out is the least worst of the five options any apportionment must be based on the following:

- The government must pay an amount that accords with the remaining 9 months of the first year of the operation of the scheme. This reflects the original version of the scheme that was presented to industry. It also serves as a proxy for the failure of the regulator to deal with the Dixon Advisory and UGC matters in a more timely fashion.
- The personal financial adviser sub-sector must be excised from the

levy to account for the fact that the entities in this sub-sector are already required to pay a \$20 million levy. Many licensees in this sub-sector will also be impacted by a special levy imposed on all retail-facing sub-sectors as they fall within other sub-sectors such as corporate advisers, securities dealers and managed discretionary account providers. This will result in these licensees being required to pay a special levy in addition to the personal financial advice sub-sector levy.

- Responsible entities should be required to pay a substantial portion of the special levy to reflect the fact that failure of managed investment schemes is a key driver of the FY26 levy blow-out.
- The scheme must be redesigned to ensure that special levies in future result from a 'black swan' event rather than business as usual. The imposition of a special levy should not be a something that happens year after year.

Once the Minister has dealt with the FY26 levy blow-out, consultation is needed with industry to re-design the scheme. The number of leviable sub-sectors must be increased to align with the circumstances giving rise to claims. If losses resulting from the failure or poor performance of managed investment schemes are to be accepted by the CSLR, responsible entities of managed investment schemes must be included as a primary leviable sub-sector with its own \$20 million cap.

An essential component of any redesign of the CSLR will involve placing significant checks and balances on AFCA. The payment of compensation to wholesale clients is not the intended objective of the CSLR. The government

continued overpage...

continued from page 6...

must amend AFCA's operating rules to ensure that it is unable to accept complaints from clients that have been classified by the relevant licensee as wholesale.

We await an announcement from the Minister as to the decision he will make how to deal with the FY26 levy blow out and more generally about the future sustainability of the scheme.

The link to SIAA's submission is [here](#).

Senate pulls inquiry into wealth management companies

The Senate Economics References Committee has advised that its inquiry into wealth management companies will not be re-adopted.

The Senate's inquiry into matters relating to the reasons for the collapse of wealth management companies and the implications for the establishment of the CSLR and challenges to its ongoing sustainability lapsed at the end of the last Parliament and the Committee has confirmed that it will not be proceeding with it.

SIAA provided extensive feedback to the inquiry particularly regarding the pivotal role that AFCA plays in making the determinations that ultimately flow to the CSLR.

This leaves the Treasury post-implementation review of the CSLR as the only inquiry into the reason behind the CSLR blow-up that has resulted in tens of millions of dollars in claims being imposed on the personal advice sub-sector.

The link to SIAA's submission to the Senate inquiry is [here](#).

ASIC consults on rules on trading systems and automated trading

ASIC is consulting on proposed changes to modernise market integrity rules governing market participants' trading systems and automated trading to keep pace with continued developments in technology, including artificial intelligence.

The amendments also aim to:

- streamline and reduce complexity by applying consistent rules to any trading systems used by participants, irrespective of how orders are generated or submitted, and
- harmonise trading system rules and safeguards across the securities and futures markets and align Australia's rules framework with

the International Organisation of Securities Commission principles and international best practice on algorithmic trading.

ASIC has sought feedback from industry on the proposed changes by 22 October 2025.

ASIC also welcomes feedback from industry on ways to simplify and improve the market integrity rules, including a call for participants to identify which rules they would like ASIC to prioritise for review.

The link to the consultation paper is [here](#).

SIAA provides feedback to RBA on important guidance for participants

SIAA has provided feedback to RBA on its draft guidance on when and how it would generally expect to use the resolution powers that it has been granted relating to clearing and settlement facilities.

SIAA supports the introduction of resolution powers for Australian Clearing and Settlement facilities and welcomes guidance on how the RBA intends to exercise its powers. The disorderly failure of CHESS would cause significant disruption to Australia's financial markets and result in substantial operational and financial impacts for market participants that would have flow-on consequences for the functioning of the broader financial system.

While crises are unpredictable and it is not possible for the RBA to set out definitively the steps it will undertake in its use of resolution powers, SIAA agrees with the approach that the RBA has outlined in its guidance. The use of

resolution powers will impact a wide number of stakeholders, none more so than SIAA's members who are clearing, settlement and trading participants. That is why RBA's proposed approach to communicate in an open and timely way with stakeholders, to the extent that this is consistent with the resolution objective, is so important.

Actions taken by the RBA will have a significant impact on the clients of our members who are mostly everyday individual investors. Clear, timely and transparent communication including market announcements and other appropriate forms of public communication will be critical in managing an effective crisis response.

The link to SIAA's submission is [here](#) and to the draft guidance is [here](#).

MEMBERS CAN VIEW SUBMISSIONS [HERE](#)



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The complexity of operating across fragmented applications and platforms is unsustainable

By Andy Robertson, Director & Chief Innovation Officer, Chelmer

The common media image of financial market professionals looking at eight screens in fact represents the complete failure of technology. Software systems have piled up in the financial industry in an ad hoc way, with little thought for how they integrate.

The situation we have now is that wealth managers and financial advisers might have up to a dozen applications on their desktop, or some consolidation in a web browser application but running multiple tabs for each system, that lack standardisation and don't talk to each other. Different value propositions mean advisers may use different applications for adviser business needs and platform software for client needs. This involves a mix of solutions for advice preparation and delivery, alongside investment

platforms where they're executing the service and holding assets.

In an industry built on precision and client confidence, integration isn't just convenient, it's essential to delivering and executing.

While most firms still operate across several platforms, there's an accelerating shift towards integrated technology solutions. We saw this reflected in the results of our *Current state and future needs of wealth management technology: 2025* report. Just over 60% of respondents reported using

between three and five platforms, but single platform usage has increased significantly, up 23% since our 2023 survey report.

Just under a quarter of respondents said integration capability was the greatest measure of success and effectiveness of the platform(s) they use. While over half of the respondents said they were dissatisfied with how well their systems integrate with other tools and platforms.

Advisers want to work across multiple platforms and applications,

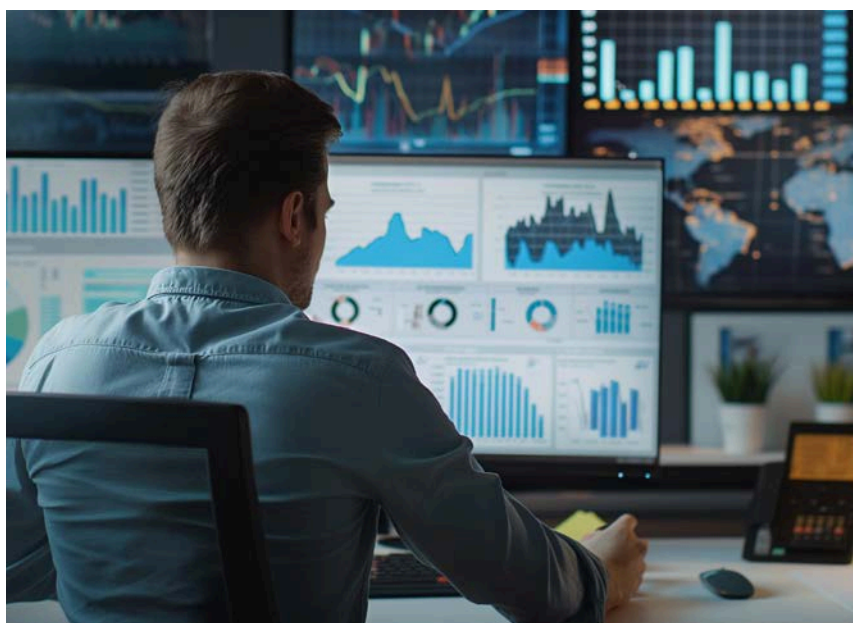
but with a single, consolidated view for operations, reporting and advice delivery. Having their clients' whole-of-wealth central to their service offer, and the pressure to streamline their business processes so they can spend more time with their clients, is shifting the industry to address how they can integrate.

Integration needs to occur at two levels—for users and for data.

Connectivity at the user experience level provides a huge step towards the holy grail of a single adviser desktop. The good news is that there is growing momentum for an industry standard which would support multiple applications from multiple software and platform providers working like a single application. Led by market data and OMS/EMS application vendors, the ecosystem is widening and deepening and the standard is evolving to support wider use cases.

Consider this. There's a news announcement about an asset. In order to keep their clients informed, the adviser looks at the latest asset price and market activity on a terminal. From the market data terminal, the adviser asks for all clients that hold the asset. The portfolio management system provides that list of clients and their holdings from across multiple platforms and custodians. That system provides the CRM with the list of clients and their preferred communication channel, and passes that to an email or marketing system to automatically generate an email or push messaging using AI to each client, personalised with their name, holding etc. It's achievable using a common messaging and interoperability standard.

AI's heavy reliance on data means data connectivity is rapidly becoming critical. In the pre-trade area, FIX has been a global success but has limited uptake outside of listed assets or non-existent uptake in some asset classes which may appear not to follow an order/trade process (eg Term Deposits and Unlisted Funds). Despite this, interfaces using those standards don't exist in the platform community. Worse still is the post-trade interfaces which are lacking industry standards, either



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locally or globally, despite some ad hoc localised attempts.

While there are standards that exist at a technology layer, such as REST webservices or GraphQL, this doesn't provide a business standard. On the whole, platforms are still dominating the availability of information. The complexity of opening those systems up via integration capabilities means advisory firms are limited by what platforms want to enable. Even for the very small number of platforms that provide a modern technology interface, it's still a longer and more complicated integration process than it should be.

However, bad integrations are like having no integration at all, more often than not lead to fragmented processes, bad or hard to maintain data, and ultimately poor and non-competitive services.

In the absence of industry standards, Chelmer is committed to providing rich integrations with platforms to enable streamlined and seamless business processes, starting with Netwealth in late 2024 and now Hub24. These interfaces are both pre-trade (ie. order

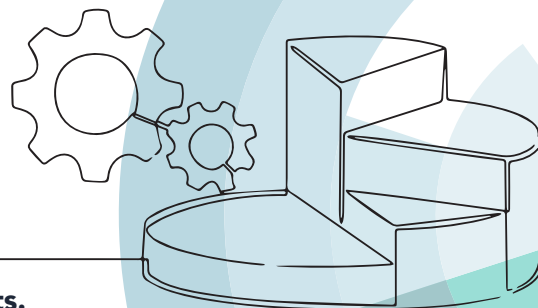
generation off platform and passed to the platform or an external broker for execution) and post-trade, with transaction aggregation in a single portfolio management application and ongoing reconciliation. Coupled with off platform assets, banking interfaces and the ability to use AI on your data, you can provide your advisers and clients with an aggregated view and frictionless ability to grow and enhance your business.

About Chelmer

Here at Chelmer, our mandate is clear: we make wealth creation easy. We've built a platform that integrates with almost any other system in the ecosystem at the user interface or the data levels to streamline workflows and scale with the business, as long as there's a willingness. We salute the platforms that we have partnered with to date that have been open and cooperative about moving the industry forward.

Chelmer has partnered with Suite2Go as our Australian distribution partner, enhancing access to our intelligent, leading-edge technology for Australian-based financial institutions. If you want to find out more about how you can improve some of your business and client processes, contact Suite2Go.

CPD EVENTS



Stay on top of your CPD with these SIAA-accredited CPD events.

Webinars are **FREE** for Practitioner members and Affiliates and employees of Principal members.

ETFs in focus: Trends, trading and traps to avoid

Wednesday 10 September from 1.00 to 2.00pm AEST

Explore the latest ETF trends drawn from JPMorgan's new Guide to ETFs. Stefania Vivarini will also examine ETF trading best practice, common pitfalls, and how to avoid costly mistakes—providing insights for both new and experienced professionals.

Professional Standards CPD: Technical competence 1.0

ASIC Knowledge Area: Generic knowledge 1.0



STEFANIA VIVARINI
JP Morgan Asset
Management

The Illusion of Assurance: Why Independent Reviews may be putting you at risk

Wednesday 24 September from 1.00 to 2.00pm AEST

Independent reviews are now a frontline test of governance and resilience. In this webinar, James Dickson of Oceanic Consulting Group will outline why review quality is a strategic priority, the risks of superficial assurance, and directors' key demands.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0

ASIC Knowledge Area: Generic knowledge 1.0



JAMES DICKSON
OCG

Beyond the giants: Unlocking global mid-cap potential

Wednesday 8 October from 1.00 to 2.00pm AEST

Large-caps dominate headlines, but investors risk overlooking opportunities in global small and mid-caps. In this session, Lukasz de Pourbaix examines how these companies support diversification and how Fidelity identifies potential future leaders at the early stages of growth.

Professional Standards CPD: Technical competence 1.0

ASIC Knowledge Area: Specialist knowledge – Securities 1.0



LUKASZ DE POURBAIX
Fidelity

Women advisers and networking for commercial success – MEMBERS ONLY

Wednesday 8 October from 5.00 to 7.00pm AEST | Morris House, 120 Exhibition Street, Melbourne

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Business networking can open doors for female advisers, yet many shy away from it. By attending you will learn how building networks builds trust, visibility, and ultimately, career opportunities. Networking drinks will follow the presentation.

Professional Standards CPD: Client care and practice 1.0

ASIC Knowledge Area: Generic knowledge 1.0

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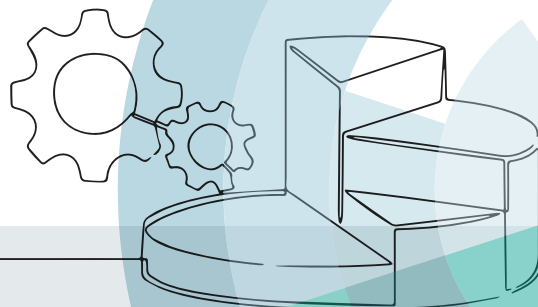
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www.stockbrokers.org.au/education/upcoming-events

CPD EVENTS cont



Introduction to stockbroking workshop

Thursday 9 October from 11.00am to 1.15pm AEDT

This workshop outlines stockbrokers' vital role in retail and institutional markets, covering operations like order taking, transactions, and settlement. Gain insights into the different systems involved and allow for a discussion of the different business models in stockbroking today.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0 | Technical competence 0.5 | Professionalism and ethics 0.5

ASIC Knowledge Area: Generic knowledge 2.0



RUSSELL MCKIMM

A day in the life of a trade workshop

Tuesday 21 October from 11.00 to 12.30pm AEDT

Ideal for experienced and auxiliary staff in legal, IT, HR, and related roles, this workshop explores the trade lifecycle. Gain insights into client onboarding, share and derivative trade processes, settlement, sponsorship/HINS, CHESS messaging, and registries.

Professional Standards CPD: Regulatory compliance and consumer protection 0.75 | Technical competence 0.75

ASIC Knowledge Area: Generic knowledge 1.5



ROB TALEVSKI
Webull

Demystifying managed accounts: Spotlight on SMAs

Wednesday 22 October from 1.00 to 2.00pm AEST

Stuart Holdsworth will outline managed account types before focusing on Separately Managed Accounts (SMAs). He'll cover their key benefits—transparency, tax efficiency, customisation, and direct ownership—helping advisers understand how SMAs work and when they best suit clients.

Professional Standards CPD: Technical competence 1.0

ASIC Knowledge Area: Generic knowledge 1.0



STUART HOLDSWORTH
Financial Simplicity

Market manipulation and other prohibited conduct workshop

Thursday 23 October from 10.00 to 12.30pm AEDT

Focused on prohibiting artificial price creation in financial products, this workshop benefits all seeking market understanding and obligation consequences. Tailored for financial professionals, it covers obligations, self-protection, and discerning manipulation from market forces.

Professional Standards CPD: Regulatory compliance and consumer protection 1.25 | Professionalism and ethics 1.0

ASIC Knowledge Area: Generic knowledge 2.25



PROFESSOR
MICHAEL ADAMS

DTR Refresher Workshop – Equities Market Structure Update for DTRs & Sales Traders

Wednesday 29 October from 11.00 to 12.30pm AEST

The ASX has recently implemented some of the biggest changes to the Australian Equity Market Structure in over 30 years. Rob will outline step by step how those changes have impacted price discovery and liquidity formation across the trading day and discuss the implications relevant for both buy and sell side trading desks.

Professional Standards CPD: Regulatory compliance and consumer protection 0.75 | Technical competence 0.75

ASIC Knowledge Area: Generic knowledge 1.5



ROB NASH

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WORKSHOPS
Practitioner member \$100
Organisation Member \$150
Non-member \$200

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Do managed accounts have a place in your HNW portfolios?

By Matt Walsh, General Manager,
Distribution, Praemium

If you're an adviser serving high net worth clients, you've likely wrestled with the managed accounts proposition. On one hand, the operational efficiencies are undeniably attractive. On the other, the perceived loss of control feels fundamentally at odds with the bespoke service your sophisticated clients expect and pay premium fees to receive.

You're not alone in this hesitation. Our recent research reveals that 38% of advisers do not use managed accounts, with 70% of non-users actively choosing not to utilise available managed account capabilities despite having access to them. Their concerns mirror what you might be thinking:

- "I'll lose control over investment selection" (54% of advisers)
- "My clients need more customisation than platforms can offer" (44%)
- "The value-add isn't clear to me or my clients" (42%)
- "It just adds unnecessary costs" (37%)

These aren't frivolous objections, they reflect legitimate priorities when serving clients who expect sophisticated, tailored investment solutions. However, dismissing managed accounts entirely may mean missing a significant evolution that's reshaping wealth management delivery.

Reframing the control narrative

The fundamental misunderstanding about managed accounts lies in viewing them as a binary choice between control and efficiency. Modern platforms don't strip away your advisory capabilities, they amplify them by



removing operational friction whilst preserving strategic oversight.

Consider this instead: rather than losing control, you're gaining strategic leverage. You maintain complete authority over asset allocation decisions, risk parameters, and customisation requirements. What you're outsourcing is the operational burden of execution, rebalancing, and administrative oversight, tasks that consume valuable time without necessarily adding client value.

This shift allows you to focus on what sophisticated clients truly value: strategic thinking, relationship management, and holistic wealth planning. When 59% of advisers report they can dedicate more time to client coaching and relationship management through managed accounts, that's not coincidence, it's liberation from operational complexity.

The core-satellite strategy: having your cake and eating it

Rather than viewing managed accounts as all-or-nothing, consider implementing a core-satellite architecture that balances efficiency with sophistication. This approach allows you to combine broad market exposure with bespoke personalised strategies — all while leveraging the customisation and tax efficiency of managed accounts.

Core Holdings: Use managed accounts for the foundation of the portfolio, e.g. Domestic Equity and Fixed Income, Multi-Asset SMA, the foundational components where efficiency matters most. While exchange-traded funds (ETFs) can fill this role, managed accounts (SMAs) can offer other advantages: professional portfolio management with the benefit of full transparency, direct ownership of securities, and greater flexibility around rebalancing, tax management, and customisation.

Satellite Strategies: Targeted, higher-conviction positions — designed to generate alpha or meet specific client objectives such as alternatives, or speciality investments and highly customised allocations that demonstrate clear advisory value and justify premium fees.

This hybrid approach delivers managed account efficiencies where they matter most whilst maintaining your control over the distinctive elements that differentiate your service.

Customisation at scale: not an oxymoron

Modern managed account platforms have evolved far beyond the rigid, one-size-fits-all models that may have influenced your initial perceptions. Today's sophisticated platforms offer extensive tailoring capabilities:

Tax Optimisation: Automated loss and gain deferral strategies that would be operationally challenging to implement manually across multiple client portfolios.

Values-Based Investing: Comprehensive ESG overlays, impact investing capabilities, and values-based screening that can be applied consistently whilst allowing for individual client variations.

Thematic Customisation: Sector tilts, security substitutions, and exclusions that enable personalised exposure adjustments without sacrificing operational efficiency.

And that's just the investment customisation. Comprehensive and personalised reporting and digital portals further enhance the custom experience at scale.

The key insight? Most of your clients' "unique" requirements actually fall into recognisable patterns. Modern platforms can accommodate these patterns systematically, delivering personalisation at scale.

The tiered implementation strategy

Success with managed accounts requires strategic segmentation based on client complexity, and customisation needs. Clients who are happy for their adviser to make their decisions would be a great fit for managed accounts regardless of the value of their portfolio. Additionally, the value of the client might offer a natural segmentation strategy:

Mass Affluent Clients (up to \$1M): Full managed account implementation maximises efficiency and cost-effectiveness. These clients benefit from professional investment management they couldn't otherwise access.

Emerging HNW Clients (\$1-2.5M): The core-satellite approach works particularly well here. This segment - representing £1.4 trillion globally - often shares more characteristics with mass affluent clients than ultra-high-net-worth investors, making them ideal candidates for managed account efficiencies whilst their wealth accumulates.

Sophisticated HNW Clients (\$2.5M+): Advanced managed account strategies integrated within comprehensive wealth management portfolios. Even these clients benefit from operational efficiencies in their core holdings, freeing up resources for truly bespoke strategies.

Addressing the partnership concern

One barrier we consistently encounter is the fear that managed accounts mean losing the collaborative relationship with investment managers. The reality is quite different. Leading investment managers actively value your expertise and insights. They want your input on model development, strategy evolution, and market positioning. Rather than being cut out of the investment process, you become a strategic partner whose client knowledge and market insights help shape better solutions.

This collaborative approach ensures that managed account models evolve to meet both the current client needs and emerging investment trends that sophisticated investors demand.

The competitive reality check

While you're weighing these decisions, the market isn't waiting. Nearly half of advisers plan to increase managed account usage, with 23% anticipating significant growth. Within five years, 46% expect near-universal adoption.

This isn't just about keeping up, it's about competitive advantage. Advisers using managed accounts report measurable improvements in efficiency, scalability, and client outcomes. They're not just surviving the evolution; they're leading it.

Making the transition: Practical first steps

If this resonates but you're unsure where to begin, consider these practical approaches:

Start Small: Implement managed accounts for a subset of your mass affluent clients where the efficiency

gains are most obvious and the customisation requirements are lowest.

Test the Waters: Use managed accounts for the core equity portions of larger portfolios whilst maintaining direct control over alternatives and specialty investments.

Partner Strategically: Choose platforms that demonstrate genuine interest in collaboration and adviser input, not just technology provision.

Measure and Refine: Track time savings, client satisfaction, and operational metrics to build confidence in the model before broader implementation.

The path forward

The managed accounts evolution isn't about abandoning sophisticated wealth management, it's about delivering it more effectively. Modern platforms that combine operational efficiency with sophisticated customisation capabilities aren't just tools; they're competitive advantages.

Your clients aren't paying you to manually rebalance portfolios or execute routine trades. They're paying for strategic thinking, relationship management, and access to opportunities they can't access elsewhere. Managed accounts don't diminish these capabilities, they enhance them by freeing you to focus on what truly matters.

The question isn't whether managed accounts represent the future of wealth management delivery. The question is how quickly you can capture these advantages whilst your competitors are still weighing their options.

Your sophisticated clients deserve both the personal attention they expect and the operational excellence that modern technology enables. With the right approach, you don't have to choose between them.

For more information about the research or implementing managed account strategies that preserve control whilst enhancing efficiency, visit www.premium.com

PROCRASTINATION IS OPPORTUNITY'S ASSASSIN

IT'S CBOE: HIGH TIME TO REPLACE YOUR BANK HYBRID EXPOSURE

\$43 billion needs to be reallocated from Australian bank AT1 hybrids by the final call date in 2032, but there are highly compelling reasons as to why investors should be considering their current position in hybrids now rather than waiting.

To understand why, scan the QR code:

Find out more:



Schroder Australian High Yielding Credit Fund

Available as either an active ETF or a managed fund, and aiming to deliver an attractive yield while targeting a superior risk-adjusted return than equities.[^]

For investors seeking:

- an alternative to cash-based products;
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- exposure to the best Australian companies;
- superior risk-adjusted return with lower interest rate risk.

The Fund has returned 4.19% p.a. (net of fees) since inception. This is 1.55% p.a. over the RBA cash rate.^{^^}

Employing active ETFs to stay invested as the fear of missing out arises



By Stefania Vivarini, ETF Specialist, J.P. Morgan Asset Management

Stay invested' is a commonly recommended piece of financial advice, yet many investors hesitate to follow it when markets become volatile.

Historical evidence has shown that maintaining market exposure is key for long-term growth, and selecting assets such as income-generating equities and bonds, together with diversified investments, can also help manage the impact on portfolios during downturns.

To stay on track with relative confidence, investors can rely on strategies designed to manage volatility and market downturns, presenting income, quality, liquidity and diversification. Exchange-traded funds (ETFs), especially those that are actively managed, deliver these features within a single investment vehicle.

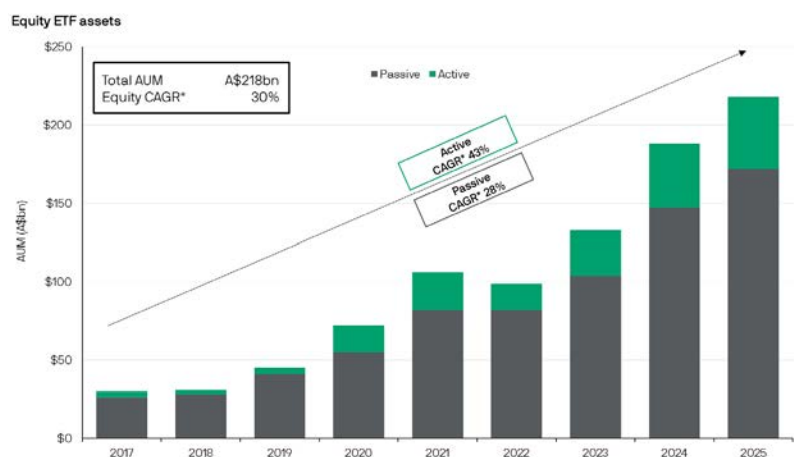
The assets under management (AUM) of active ETFs, which combine fundamental research, stock selection and portfolio construction with ETF

qualities, has grown significantly from 2017 to July 2025¹.

Our current Guide to ETFs – Australia showcases strategies that can assist investors in maintaining their

investment exposure. This guide offers actionable insights and resources for financial professionals and investors, addressing industry trends, portfolio construction and trading best practices.

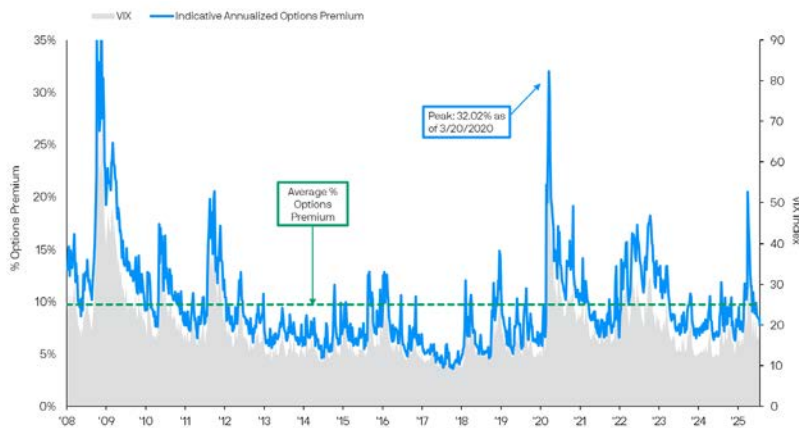
Figure 1: Australia ETF AUM growth over time



¹ Source: ASX, J.P. Morgan Asset Management. *Compounded annual growth rate(CAGR) since 2018. 2025 bar includes data through 31.07.2025. Provided for information only to illustrate macro trends, information shown is based upon market conditions at the time of the analysis and is subject to change. Not to be construed as offer, research or investment advice. Guide to ETFs – Australia. Data as of 31.07.2025.

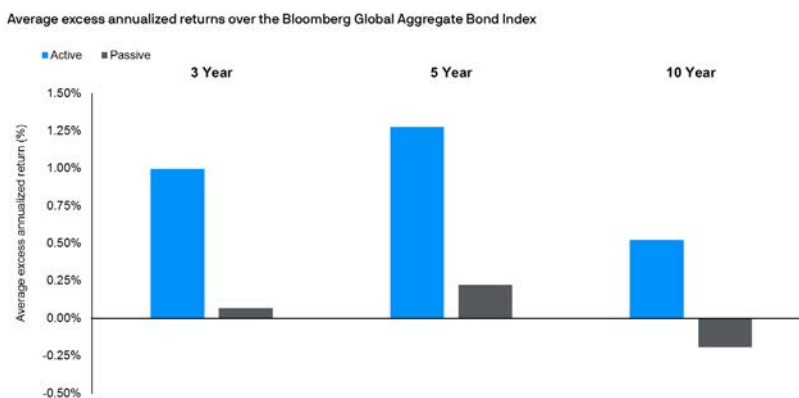


Figure 2: Higher volatility may lead to potentially higher incremental income



³ Source: J.P. Morgan Asset Management, Bloomberg, and CBOE. Past performance is not indicative of future results. For illustrative purposes only. The graph above illustrates the upside opportunity of selling rolling monthly out of the money 30-delta calls. The CBOE Volatility Index (VIX) is a real-time market index representing the market's expectations for volatility over the coming 30 days. Guide to ETFs- Australia. Data as of 31.07.2025.

Figure 3: Average excess annualised returns over the Bloomberg Global Aggregate Index



⁶ Source: Morningstar, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results. This information is for illustrative purposes only, does not reflect actual investment results, is not a guarantee of future results and is not a recommendation to buy or sell. The chart above reflects performance of all funds managed against Bloomberg Global Aggregate Index (LEGATRUU/LEGATURH). Data as of 30.06.2025. The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from a multitude local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitised fixed-rate bonds from both developed and emerging markets issuers. Provided for information only to illustrate macro trends, information shown is based upon market conditions at the time of the analysis and is subject to change. Not to be construed as offer, research or investment advice. Guide to ETFs – Australia. Data as of 31.07.2025.

Navigating market volatility with equity premium income strategies

While some calm has returned as investors likely choose to focus on the

medium-to-long term prospects, short-term challenges from tariff uncertainties and slowing growth momentum may still cause fluctuations in markets. Although volatility is normal, it presents a challenge for investors seeking to shield their portfolios from market risks.

Equity premium income solutions

with option overlays may be a useful tool to shield portfolios from downside risks during periods of volatility while maintaining equity market exposure.

Typically, these ETFs sell call options to generate additional income through option premiums and distribute these proceeds regularly². Option premiums tend to increase when volatility rises³. This, alongside dividends from the underlying equity portfolio may help manage potential losses and buffer portfolios from price fluctuations.

These solutions present the potential for higher monthly income and may reduce risk, making them a relatively attractive investment option during volatile times. It also presents the opportunity for investors to focus on the long-term potential and stay invested.

Active presents the edge in fixed-income investing

During periods of elevated volatility, fixed income solutions may play a crucial role in generating income opportunities and help manage risks in portfolios.

Additionally, fixed income strategies that are actively managed may present greater potential to uncover alpha opportunities. The Bloomberg US Aggregate Index, for example, excludes about 47% of the US\$53 trillion US public bond market⁴, including high-yield corporates and non-agency mortgage-backed securities⁵. Asset-backed and agency securities have limited exposure, and much of the securitised market is excluded^{4,5}.

Active fixed income managers versus their passive peers

Active fixed income managers have historically outperformed passive strategies. Net of fees, the average annualised returns of active core and core plus managers have exceeded the Bloomberg US Aggregate Index over the trailing 3-, 5-, and 10-year periods⁶.

As global economic growth weakens, quality fixed income assets with high credit ratings and strategies for

increased income and reduced volatility may be optimal for portfolios⁷.

Conclusion

With volatility expected to persist, an income-focused, high-yield, high-quality active ETF strategy may enhance portfolio resilience and help investors stay invested.

² There is a potential to forego some capital appreciation as a result of selling call options. Dividends and option premiums are not guaranteed and does not imply positive return.

⁴ Source: Bloomberg, Securities Industry and Financial Markets Association, Bank of America. Figures reflect the most recently available data as of 31.03.2024. Some figures may be lagged.

⁵ Securitisation is the process in which certain type of assets, such as mortgages or other types of loans, are pooled so that they can be repackaged into interest-bearing securities. Examples of securitised debt include asset-backed securities and mortgage-backed securities.

⁷ The portfolio risk management process includes an effort to monitor and manage risk, but does not imply low risk.

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EXPERT INSIGHTS: Why Fixed Income Operations matter for wealth managers!

By Emily Boden, Head of Institutional Sales and Relationship Management, Perpetual Digital and Heather Gale, Head of Cash Management, Procurement & Operations, Perpetual Corporate Trust

Private wealth advisers wanting to access the \$114 trillion global bond market don't just need access to bonds — they need confidence in how that access is delivered.

In August, Perpetual Corporate Trust's (PCT) Fixed Income Intelligence (FII) was named Best Investment Platform/App at the 2025 Australian FinTech and Banking Awards – recognition that FII provides both access to the market and confidence in how access is delivered – and in doing so revolutionised private wealth bond investing.

Lifting the lid on a \$114 trillion opportunity

Wealth advisers don't need to know every technical detail of how a fixed income platform operates — what matters is how those operations trans-

late into better outcomes for their clients and greater efficiency for their practice.

Reliable operations underpin trust, compliance, and performance, giving advisers the confidence to focus on strategy and relationships while

knowing the engine behind the scenes is working seamlessly.

At the same time, having a clear understanding of the platform's core processes is important, as it helps advisers demonstrate due diligence, explain value to clients, and make

informed decisions about the solutions they choose to adopt.

Turning operations into results

Perpetual Corporate Trust's Head of Cash Management, Procurement & Operations, Heather Gale, leads the operational teams who implement FII for clients such as NAB Private Wealth. Here she explains how she has seen first-hand the stronger client outcomes that result from seamless operations.

EB: How do FII's operations translate into better outcomes for my clients?

HG: With FII every step of the investment workflow is managed seamlessly under one roof – from research and execution through to middle office and custody. This streamlined approach not only removes friction but also can create tangible benefits for clients. By leveraging Euroclear for settlement, investors can access fixed income lines in much smaller, more appropriate parcel sizes – starting from as little as \$10k compared to the \$500k minimums often required through Austraclear. This flexibility makes it easier for clients to build well-diversified portfolios without overcommitting capital to a single position, while still retaining the option to settle via Austraclear when required. The result is simpler access, greater efficiency, and more tailored investment opportunities for your clients.

EB: What does “seamless operations” actually mean in day-to-day use?

HG: In practice, “seamless operations” means that once your client decides to invest in a bond, everything else is taken care of for them. From handling settlements and issuing coupon statements to providing monthly portfolio valuations, the entire administrative process is managed end-to-end. This allows you and your clients to focus on investment decisions and outcomes, rather than the paperwork and operational complexity that usually comes with fixed income investing.

“

...“seamless operations” means that once your client decides to invest in a bond, everything else is taken care of for them. From handling settlements and issuing coupon statements to providing monthly portfolio valuations, the entire administrative process is managed end-to-end. This allows you and your clients to focus on investment decisions and outcomes, rather than the paperwork and operational complexity that usually comes with fixed income investing.

And as the largest user of Euroclear in Australia, we offer deep operational expertise and broad market access – giving you and your clients opportunities that are often out of reach elsewhere.

EB: How automated is the platform – do I still need to manage trades manually?

HG: Again, once the client has confirmed they would like to invest in the bond and the order is placed, the intent is that there is nothing more the adviser is required to do. Our middle office looks after all the settlements, valuations and reporting.

EB: How does FII integrate with my existing tools, like CRM or portfolio reporting systems?

HG: FII is designed to integrate smoothly with the tools wealth managers already use, whether that's a CRM, risk systems, or portfolio reporting platforms. Basically it's built to work the way users want it to.

Data and files can be pushed out of FII either manually or through automated feeds, giving private wealth managers flexibility in how information flows into their internal systems. Users of FII also have access to a comprehensive suite of standard reports, along with the ability to customise file integra-

tion both upstream and downstream. With reporting available in multiple formats – including PDF, Word, Excel, and CSV – businesses can easily slot FII into their existing workflows without disruption.

EB: How does the platform support regulatory compliance and record-keeping for advisers?

HG: The platform helps private wealth managers meet regulatory compliance and record-keeping obligations by providing structured and transparent reporting. Custom report packs enable self-serve month-end valuation reporting, while standard outputs such as monthly asset holding reports and quarterly compliance statements ensure all requirements are consistently documented. This reduces administrative burden and saves valuable time all the while giving private wealth managers confidence their reporting is accurate, timely, and aligned with regulatory expectations.

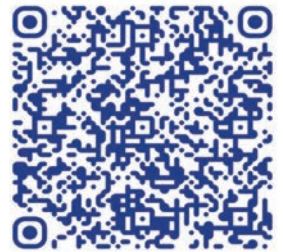
For more information on Perpetual Corporate Trust's fixed income innovations contact emily.boden@perpetual.com.au

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- ✓ **Expand your investment proposition** for high-net-worth clients with a broad investment menu, uncapped term deposits, foreign currency trading and unlisted fixed income.¹
- ✓ **Implement business efficiencies with market-leading managed portfolio capability** that delivers value for your clients.²
- ✓ **Engage your clients with a complete view of their wealth** with integrated reporting that saves you time.



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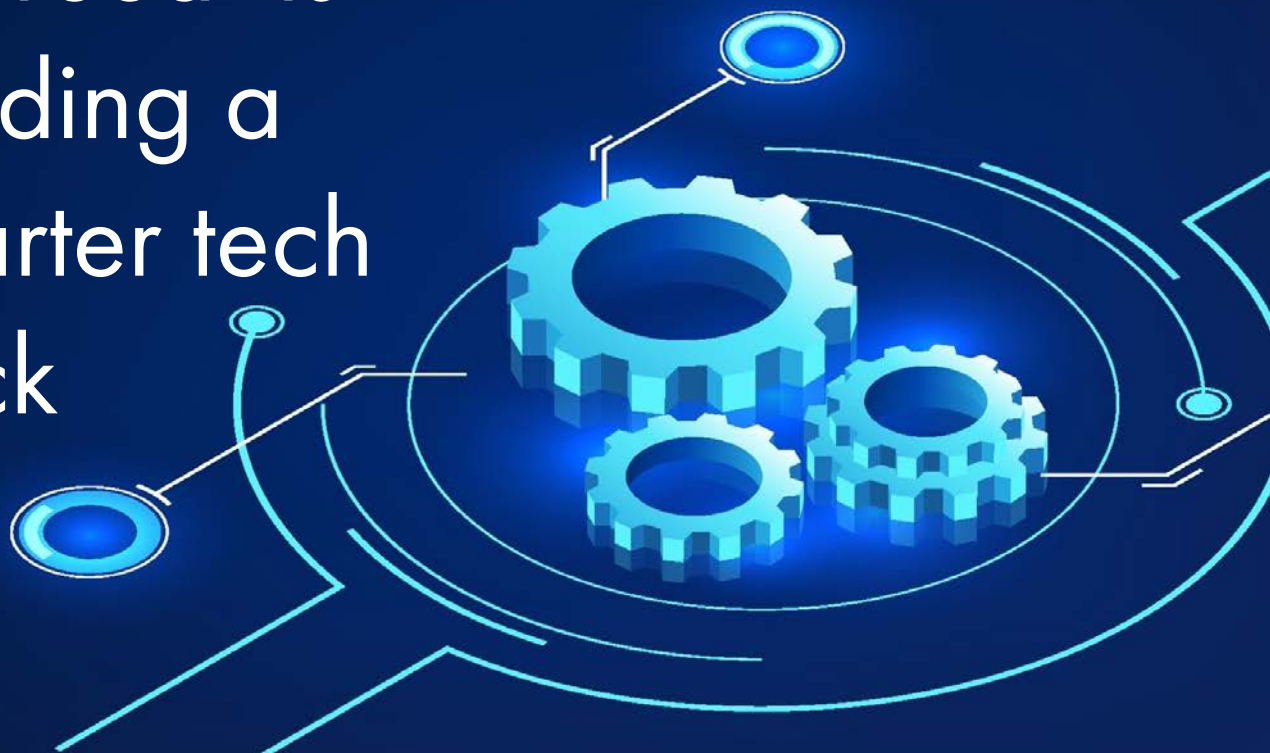
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¹ HUB24 was rated Best Platform Overall, Most Improved Platform, Best in Online Business Management, Best in Decision Support Tools and Best in Product Offering in the 2024 Investment Trends Platform Competitive Analysis and Benchmarking Report.

² Investment Trends' Platform Competitive Analysis and Benchmarking Report rated HUB24 Best Managed Account Functionality from 2016-2020 and 2022-2024.

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Why 'Best of Breed' is building a smarter tech stack



By Kyle Marais, Product Manager. Iress

In capital markets, technology has evolved from an operational enabler to a strategic force shaping the industry's future.

With rising client expectations, regulatory scrutiny and the demand for agility, firms are re-evaluating how their tech stacks drive performance, resilience and competitive edge.

Rather than relying on monolithic systems, firms are embracing modular, interoperable platforms that bring together the best tools for each function while maintaining a unified workflow.

This approach is at the heart of the 'Best of Breed' strategy, which is rapidly gaining momentum.

The big shift

The more traditional single vendor suites offered simplicity, but integration was costly, customisation was limited, and vendor lock-in was the norm. Security was also a concern, with data privileges and governance rules

often complex and error-prone under legacy systems.

Fast forward to today, and the landscape has changed dramatically.

Firms now expect their technology partners to offer open APIs, plug-and-play compatibility and the freedom to tailor solutions to their unique needs. This shift is driven by several factors:

- The rise of cloud-native platforms that make integration faster and more scalable.
- A growing appetite for innovation, with firms wanting to experiment with AI, advanced analytics, and alternative trading models.
- Regulatory pressure to improve transparency, auditability, and risk controls across systems.

In short, firms want choice, control, and agility and they're no longer willing to compromise.

Best of Breed means choosing the right tool for the right job, whether it's trading, connectivity, risk management, data or analytics. However, rather than relying on a single vendor for everything, firms can build a tailored ecosystem that reflects their business priorities. So a tech stack is assembled using the most effective solution for each component.

The advantages are obvious:

- It enables faster innovation by allowing firms to adopt new technologies without overhauling their entire infrastructure.
- It reduces stagnant components and gives firms more control over their workflows.
- It allows for targeted problem-solving, especially in complex areas where specialised tools outperform generalist platforms.

We've seen this play out across the industry. Traditional single-vendor suites are slower to innovate due to their design. Updating one component often requires changes across the entire system, which is a costly and time-consuming process. In contrast, modular platforms enable firms to isolate and upgrade specific components without disrupting the entire system.

At Iress, we've embraced this shift by building a product stack that's open, interoperable, and modular.

At the heart of our interoperability strategy is MyIress, a fully interoperable web-based application, built with a modular design to connect seamlessly with your workflows. We've also extended these capabilities to our trusted desktop application Iress Pro, ensuring a consistent experience across environments. The Iress FIX Hub (IFH) serves as a global connectivity network enabling seamless integration with complementary applications and data sources. And, by leveraging industry standards such as FDC3, FIX and Open APIs, we empower clients to build unified, scalable trading and market data solutions, tailored to their specific needs.

We focus on our strengths, and we partner with others to complement our capabilities. That's the essence of Best of Breed. Whether it's data analytics, compliance tools, or messaging services, our clients can plug in the components they need and leave out the ones they don't.

This flexibility is especially valuable in today's market, where firms face increasingly complex challenges. The ability to tailor solutions is no longer a luxury, it's a necessity.

The integration challenge

Of course, integrating multiple systems isn't always easy; the challenges and pain points are well known across the industry. Traditional integration models often involve a time-consuming back-and-forth between vendors, with smaller players bearing the brunt of the effort and cost.

Point-to-point integrations can be expensive to build and maintain, especially when you're dealing with multiple unique systems. And there's a real risk of falling into the sunk cost fallacy by keeping legacy integrations in place long after they've outlived their usefulness, simply because they were expensive to build.

That's why open standards, such as APIs, FIX messaging protocols and Model Context Protocol (MCP) are essential. They reduce the friction of integration and make it easier for systems to communicate. At Iress, we've made these standards a cornerstone of our architecture, helping clients avoid the pitfalls of legacy integration and build solutions that are fit for purpose.

Open standards allow systems to communicate in real time, share data securely, and trigger workflows across platforms. Combined, they create a common language for trading and connectivity.

Iress is positioned to champion this approach by embedding open standards into its new and existing Products. This means clients can begin automating workflows across trading, compliance, and reporting while scaling operations by adding new modules or partners as needed, without costly custom development.

In essence, these open standards enable a tech stack to become a dynamic ecosystem that adapts to the evolving needs of a business.

More control

One of the most significant advantages of an interoperable, widget-based platform is the extensive control it provides for customising workflows to create unique propositions.

No two firms operate the same way. Whether it's a boutique asset

manager or a global trading desk, the freedom to tailor their systems to match their business processes is critical.

For example, a firm might:

- create custom dashboards for portfolio managers
- automate risk alerts based on proprietary thresholds
- integrate ESG data into trading decisions.

By supporting these kinds of adaptations, Iress helps firms turn technology into a strategic asset.

From our perspective, workflow customisation is arguably the most important aspect of a firm's product strategy. It's how firms differentiate their services, optimise operations, and meet compliance needs. That's why we've invested heavily in making our product stack configurable.

The shift to cloud-native infrastructure has also transformed onboarding and deployment. What used to take weeks or months can now be done in less than a day. This agility and pace are crucial for firms looking to expand into new asset classes or regions without being burdened by manual processes or infrastructure constraints.

What's ahead

In a world where change is constant and complexity is increasing, interoperability will be the defining feature of trading infrastructure. The rise of AI, alternative data, and real-time analytics will require platforms that can integrate, interpret, and act on diverse inputs.

Modular systems won't just offer flexibility, they'll enable intelligence. They'll allow firms to orchestrate smart workflows, leverage data-driven insights, and adapt quickly to regulatory and market changes.

At Iress, we're committed to supporting this future. Our product strategy is built around openness, modularity, and client-led innovation. We're not just responding to market trends, we're shaping the infrastructure that defines them.

We're not just responding to the future of trading technology. We're building it.

AUSTRAC ramps up regulatory interventions; outlines Regulatory Priorities for 2025-26



Manish Ghiya, Principal, Compliance Advisors

AUSTRAC has undertaken a series of regulatory actions in 2025, a tone that is echoed in the recently released 2025–26 Regulatory Priorities. Together, these actions and priorities signal a clear message: compliance expectations continue to rise to mitigate financial crime risks, and failure to meet AML/CTF obligations will draw regulatory action.

2025 continues the intense momentum of reform for AUSTRAC as it rolls out the new AML/CTF regime across industry. Alongside these structural changes, the regulator has engaged actively with reporting entities through a series of webinars, aimed at sharpening aware-

ness of both current obligations and upcoming requirements.

At the same time, AUSTRAC has further stepped up its regulatory interventions, launching significant enforcement actions and supervisory cases. It has also woven insights from recent supervisory findings into its messaging through the webinars*.

These themes are further reflected in its Regulatory Priorities for 2025–26, released in July. The priorities set out a clear roadmap: compliance expectations continue to rise to mitigate financial crime risks in the ecosystem, and failure to meet AML/CTF obligations will invite regulatory action.

The message is also reinforced by the updated AML/CTF legislation, where certain parts are already in effect, expanding AUSTRAC's investigative and information-gathering powers. Crucially, AUSTRAC continues to remind industry that AML/CTF compliance is not a "set-and-forget" exercise

— programs and frameworks must be regularly reviewed, recalibrated, and adapted to changing business and risk environments.

In that context, it is useful to consider some of AUSTRAC's enforcement actions so far this year, which provide a sense of "what is out there":

- **Civil Penalty Proceeding:** The year's headline action so far is AUSTRAC launching Federal Court proceeding against Mount Pritchard & District Community Club (Mounties), one of the largest club groups in NSW, alleging serious and systemic failings across its AML/CTF program, governance, risk assessment, and customer monitoring. This follows AUSTRAC's late-2024 similar action against Entain (operator of Ladbrokes and Neds) for similar failings.
- **External Audit Orders:** Underlining its stronger focus on regulatory

interventions, AUSTRAC issued notices to three Reporting Entities (REs) requiring the appointment of external auditors and remedial action. These audits covered issues related to risk assessments, KYC, Board oversight, transaction monitoring, Ongoing and Enhanced CDD matters, and other program elements — delivering an independent, time-bound diagnostic of risk and compliance issues.

- **Remitters and Digital Currency Exchanges (DCEs):** AUSTRAC has acted against 13 remittance and DCE businesses for various issues including non-disclosures related to key personnel, entities no longer operating a business but still registered, and failures to meet registration requirements. A further 50 cases are reportedly still ‘in sight’! There was also an infringement notice to Cointree DCE on SMR reporting.
- **“Use it or Lose it” Blitz:** AUSTRAC has targeted inactive DCEs, encouraging businesses to voluntarily withdraw their registrations or risk cancellation. This reduces opportunities for exploitation via shell or inactive entities and mitigates the risk of inactive businesses being bought and co-opted by criminals.
- **Crypto ATM Users:** AUSTRAC ran a targeted operation on crypto ATM users that identified scam victims, mules, and suspected offenders with high-volume ATM use. Such actions highlight AUSTRAC’s role in preventing consumer harm, alongside its traditional financial crime prevention focus.

These actions indicate a clear trend of increasing regulatory scrutiny and enforcement, with AUSTRAC’s ongoing efforts to identify issues and non-compliance.

Regulatory Priorities for 2025–26

AUSTRAC’s 2025–26 regulatory priorities released in July outline its strategic objectives: improving ML/TF/PF risk management through effective controls and enabling intelligence through high-quality transac-

tion reporting. It has identified specific outcomes, with a timeline of 30 June 2026, to drive compliance behaviours among REs:

- **Tranche-2 (T2) Businesses:** AUSTRAC expects T2 entities to understand their obligations and appropriately manage ML/TF/PF risks. This means enrolling/registering on time, implementing an AML/CTF program (including appointing a compliance officer and staff training), and being equipped to report suspicious transactions.
- **Existing REs:** Similarly, existing REs are expected to review their ML/TF/PF risk assessments in line with their current risk profiles, update compliance frameworks as required, and demonstrate sustained progress. They must also maintain existing AML/CTF controls during the transition to the new regime.
- **SMR Quality and Volume:** Suspicious matter reporting is a core obligation that provides critical intelligence to AUSTRAC. The regulator will target REs with no or low SMRs relative to their risk profiles, with an expectation that such entities improve both reporting volume and quality.
- **Digital Currency Exchanges (DCEs):** Risk management by DCEs and Virtual Asset Service Providers remains a priority. Businesses that demonstrate competence will be registered, while those that are indifferent or reckless in mitigating financial crime risks will face regulatory action. This is already evident in many actions that the regulator has already taken.
- **Cash Acceptance:** AUSTRAC’s Money Laundering National Risk Assessment identified cash as a significant vulnerability. Domestically, cash is one of the most commonly restrained, forfeited or

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It will be important to remember AUSTRAC CEO’s remarks: “...we are tireless in ensuring businesses are alert to their risks and have effective and working controls in place.”

frozen asset types in criminal asset confiscations. REs that accept cash must have robust controls to mitigate cash-related ML/TF/PF vulnerabilities and risks. The Mounties case is a good example, where failures included managing cash-related risks.

- **Enrolment Details:** REs must update their enrolment details within 14 days of any change in line with the regulatory obligation. AUSTRAC has made this a priority, reinforcing compliance expectations through repeated reminders. Failure to act can invite regulatory intervention.

Bottom Line

2025 is shaping up as a year of heightened regulatory consequences, paired with clear expectations for 2025–26. Failure to meet these expectations will attract further action. AUSTRAC is using enforcement levers to change behaviours and reduce ML/TF/PF risk in the ecosystem, particularly in higher-risk segments.

For both existing REs and Tranche-2 businesses, it is essential to have credible plans to timely implement AML/CTF obligations — new or updated — in line with the new regime, leaving no gaps for regulatory scrutiny.

It will be important to remember AUSTRAC CEO’s remarks: “...we are tireless in ensuring businesses are alert to their risks and have effective and working controls in place.”

* AUSTRAC’s Industry webinars series is also available on their YouTube channel ([click here](#)).

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By Darin Tyson-Chan, Editor, *selfmanagedsuper*

The Economic Reform Roundtable was held in Canberra recently, canvassing a range of topics including the path forward for the retirement savings system.

To this end, the federal government did make an announcement at the end of the gathering that it will be looking to improve the superannuation system so as to eliminate unnecessary regulation that is impeding efficiency.

The legislation it is aiming to introduce has supposedly been labelled “tell us once”, with the heart of it being to address the multiple reporting channels superannuation funds are currently faced with, often with regard to the same set of information.

The Association of Superannuation Funds of Australia (ASFA) was one body that put forward the idea of simplifying the retirement savings reporting framework in order to make it more efficient.

“ASFA’s core message to the roundtable when we spoke on day one was that regulation is vital for trust, but when it overlaps or is outdated, it drags down member returns and that impacts productivity,” ASFA chief executive Mary Delahunty said.

And if anyone didn’t think over-reporting was a situation superannuation funds are currently experiencing, the statistics should allay this doubt.

Data quoted by ASFA showed compliance and risk management costs for Australian Prudential Regulation Authority-regulated super funds jumped from \$550 million in the 2018 financial year to \$1.05 billion in 2024/25.

In fact, it claimed in some instances super funds can find themselves reporting exactly the same information five different ways to five different government agencies. That is pretty much the

definition of inefficiency and needs improvement.

These statistics reflect a pattern coming out of Canberra of increasing regulation in the financial services industry as a whole, including the superannuation sector. Unfortunately, it seems if the government sees something is not quite up to scratch, the only answer is to impose more compliance obligations for all major stakeholders.

However, this approach is counterproductive. Compliance procedures are supposed to make a sector operate more optimally and in doing so protect the end consumer from adverse outcomes. Unfortunately, the more impositions are placed on an industry, the more the obligations become just a tick-and-flick exercise and, worse still, something the institutions use to cover their own backsides.

So hopefully the discussions at the Economic Reform Roundtable recognised this reality and now something will be done about it. We will now naturally await what the outcome will be.

Having said all of that, the superannuation sector itself must do some heavy lifting to earn the governmental belief that less regulation can lead to desired outcomes. To this end, these organisations must themselves improve their governance practices to demonstrate a constant and increasing big-stick approach is unnecessary.

A case in point is the current situation whereby the Australian Securities and Investments Commission (ASIC) is suing Mercer Super for failing to tell it about investigations into serious member services issues.

The corporate watchdog has taken this course of action on the back of allegations Mercer Super had inadequate systems in place to comply with the reportable situations regime between

October 2021 and September 2024. The relevant rules require Australian financial services licensees to promptly report ongoing investigations into significant breaches of their core obligations. In all, eight investigations are involved.

Further, it is alleged Mercer Super forwarded reports to ASIC that contained false or misleading information as to the number of members impacted by the systems failures.

This turn of events is less than ideal for an industry calling for regulations that are less imposing on it. Like any

situation like this it requires a solid commitment from both sides before the necessary level of trust can be established that will shape the way forward.

I think we'd all agree the legal action ASIC has taken against Mercer Super is the complete antithesis of what is needed and may result in a continuing regulation stalemate that will be helpful to neither man nor beast.

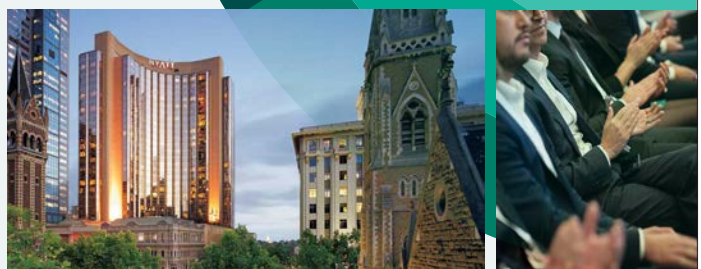
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The logo for SIAA2026 features a stylized circular graphic on the left, composed of several overlapping segments in shades of blue and green. To the right of this graphic, the text "SIAA2026" is displayed in a large, bold, sans-serif font. The "SIAA" portion is in a dark blue color, while "2026" is in a lighter blue color.

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