

SIAA monthly

www.stockbrokers.org.au | April 2025



THE CURRENT STATUS OF T+1 worldwide

Asset allocation differences widen between investor types

Revolutionising managed accounts

The data maturity advantage: a guide for Australian stockbrokers

The democratisation of fixed income: how innovation is changing the market!

SUPER SNIPPETS:
Bad news is good news

CONTENTS



Stockbrokers and Investment
Advisers Association

Serving the interests of investors

Stockbrokers and Investment Advisers
Association Limited ABN 91 089 767 706

Level 2, 74 Pitt Street, Sydney NSW 2000

Email: info@stockbrokers.org.au

Tel: +61 2 8080 3200

www.stockbrokers.org.au

Advertising

Silvana Eccles, Education and Operations
Manager

Email: silvana.eccles@stockbrokers.org.au

Tel: 02 8080 3204

DISCLAIMER: This Newsletter is provided solely for the information of members and stakeholders of Stockbrokers and Investment Advisers Association. The content is general information and does not consider the circumstances of any investor or constitute advice. Stockbrokers and Investment Advisers Association nor any of its officers or agents accepts no liability or responsibility for the accuracy, reliability or completeness of any information contained in the Newsletter, and readers should rely on their own enquiries and analysis in making any decision or taking any action that affects them.

COPYRIGHT: Material published in SIAA Monthly is copyright and may not be reproduced without permission. Any requests for reproduction will be referred to the contributor for permission.

9 COVER STORY

3 Message from the CEO

4 Committee news – April 2025

5 Policy & regulatory issues

9 The current status of T+1 worldwide

Around 40% of global turnover in listed securities is now settled on T+1, and transitions to a shortened settlement cycle have generally been smooth wherever the industry was actively engaged and prepared. As a crucial market in the global securities industry, Australia will almost certainly follow suit – and can benefit from lessons learned.

13 Asset allocation differences widen between investor types

Trading trends and investment asset allocations are diverging between different classes of investors in Australia.

15 Revolutionising managed accounts

The evidence is clear, technology is constantly changing and transforming the investment industry as a whole. If you look at the last 25 years of stockbroking, there have been a number of themes that show how service models have evolved.

18 The democratisation of fixed income: how innovation is changing the market!

No longer the realm of institutions and the super-wealthy, over-the-counter (OTC) fixed income investment is now available to wealth advisers looking to diversify their client's portfolios.

21 The data maturity advantage: a guide for Australian stockbrokers

In today's fast-paced financial markets, data has become the most valuable asset for stockbrokers.

23 Super snippets: Bad news is good news

Superannuation has not had a good run in the media in the past few weeks. It often appears in the business pages, but recent events have pushed it to the front of that section and in some cases to the front page – either digitally or in print.

MESSAGE FROM THE CEO



Judith Fox, CEO

SIAA has been working with members and stakeholders in the capital market on industry-wide initiatives to address share sale fraud. We have also been working with the leaders of our member firms on recent actions from IRESS and their implications for Service Release 15, as well on improving gender balance in this traditionally male-dominated industry.

Share sale fraud

As reported in the first edition for 2025 of this newsletter, SIAA and ASX reached out to stakeholders to develop an industry-wide approach to the issue of share sale fraud. A successful roundtable was held in Febru-

ary, attended by 50 representatives of the various stakeholders, including ASIC and AUSTRAC. A key function of the first meeting was to set the foundations for the working group by allowing a broader understanding of each party's role and the issues faced, getting members comfortable working together on an important common objective and defining the scope of what the group is trying to achieve in future sessions. Subsequent meetings can allow for deep dives into particular aspects where the industry can benefit from collaboration. This is an important initiative to address an issue that needs a whole-of-industry approach and it is reassuring to see the industry come together.

IRESS

IRESS has recently and for the most part retrospectively issued invoices to Market and Clearing Participants for a Service Order to cover the cost of the technology upgrade to its product that it is undertaking to ensure it can provide access to Service Release 15.

This Service Order fee is in addition to the significant price increases that IRESS has imposed on Market and Clearing Participants over the previous 12 months. We note that the price increases imposed by IRESS have been well above CPI and are ongoing.

IRESS did not provide Market Participants with any detailed information about the Single Open Fee project or the consequences of not paying the Service Order fee, until the issuing of Service Orders which were sent to Market Participants in the week beginning 17 March 2025. The effect of this delay in the provision of any detailed information means that IRESS has created operational and compliance risks for Participants and their clients.

SIAA has been in contact with IRESS about this Service Order fee and continues to engage with members

about this issue and its implications for readiness for testing of Service Release 15 in April and go live on 12 May.

Improving gender balance

The CEOs and their representatives have come together in a forum aimed at improving gender balance in the industry. There is agreement that gender diversity is an industry-wide issue that is best dealt with as an industry rather than by firms acting individually, although individual firms will continue to take their own initiatives in this area. The first meeting of the forum confirmed that it is important that firm leaders work together to increase the attractiveness of the industry to women and hold themselves accountable.

Collaboration is critical as otherwise the industry will not achieve the degree of difference needed as this is a long-term issue with no silver bullets. The CEOs agreed that:

- consistency in practices across the industry is a 'rising tide that lifts all boats', and
- addressing systemic issues requires grassroots efforts from early career stages through to leadership.

The forum agreed that its efforts will concentrate on the adviser role at this stage, rather than more broadly, given the need to attract more women to this career.

Two working groups formed to look at:

- what is required for a coordinated effort to improve the industry's brand and profile, given the Wolf of Wall St perceptions that continue to bedevil it
- identifying barriers and exploring potential actions to enhance the career lifecycle of female advisers.

Work is progressing on both of these initiatives and I look forward to reporting to members on progress.

“

The Financial Newswire Women in Wealth Awards 2025 acknowledge those women who have embodied the generational change and professionalism that the industry continues to reflect.

Women in Wealth Awards 2025

Aligned with SIAA’s intention to assist our industry to attract and retain female talent is the need to also recognise the women who have shown commitment to it through leadership, innovation and advocacy in the fields they are passionate about.

The Financial Newswire Women in Wealth Awards 2025 acknowledge those women who have embodied the

generational change and professionalism that the industry continues to reflect. Following the first round of judging, finalists were announced in March. The awards will be presented at a formal dinner on 29 May in Sydney.

I am delighted to advise that, like last year, there is a significant number of women in our industry who were included in the finalist list after round one of judging. It is a testament to their professionalism and expertise.

SIAA 2025 conference

On 19 and 20 May we will be holding the SIAA 2025 conference at the Hilton Sydney, with the theme of Creating Confidence.

Our conference provides a great networking opportunity as we bring the industry together to explore how the industry is creating confidence for clients; confidence in regulatory settings; confidence in operational resilience; and confidence in meeting the challenges of demographic changes and geopolitical uncertainty.

On offer are just over 13 hours of CPD, including in those hard-to-get buckets of Professionalism & Ethics and Client Care & Practice. The Networking Drinks are when you can catch up with your peers in a relaxed environment. Registrations are open and I look forward to seeing you there.

COMMITTEE NEWS – APRIL 2025

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

Compliance Committee, Thursday 10 April 2025

Chair: Melissa Nolan MSIAA, Ord Minnett

Diversity, Equity & Inclusion Committee, Monday 28 April 2025

Chair: Michelle Inns MSIAA, LGT Crestone

Profession Committee, Wednesday 30 April 2025

Chair: Andrew Fleming MSIAA

Investment Advisers Committee, Monday 1 May 2025

Chair: Frank Hegerty OLY MeSIAA, Ord Minnett



New Master Practitioner Member MSIAA

Faye Longmuir, Canaccord Genuity

New Student Affiliate StuAfSIAA

Mia Fogden, University of Western Australia
Ericsson Yeo, University of Western Australia

New Young Professional Members YPSIAA

Nick Chatterton, Morgans Financial
Jack Mullins, Morgans Financial
Annie O’Scaill, Morgans Financial
Nick Sale, Morgans Financial
Hudson Swick, Euroz Hartley

SIAA warns Treasury that CSLR is unsustainable

In feedback provided to Treasury's post implementation review of the Compensation Scheme of Last Resort (CSLR), SIAA has warned that the scheme is utterly unsustainable without a significant re-design as well as changes to the way AFCA operates.

To fully understand how the CSLR has significantly and fundamentally exceeded its objectives and scope, SIAA emphasised the pivotal role that AFCA plays in making the determinations that ultimately flow to the CSLR.

SIAA has argued that the CSLR was never intended to underwrite investment risk or pay complainants hypothetical 'but for' gains they did not receive because of their investment decisions. Yet that is what is currently taking place with the CSLR essentially guaranteeing investment returns of complainants.

The way in which fault is attributed under the law results in financial advice firms bearing the full costs of failed or poorly performing managed investment schemes where advice has been provided.

The payment of compensation to wholesale clients is not the intended objective of the CSLR. It was always intended for retail clients who could not afford redress through the courts,

not wholesale clients with the financial capacity. The ability of AFCA to reclassify wholesale clients and accept their complaints has the potential to impact significantly on the sustainability of the CSLR and those financial firms subject to the CSLR levies when AFCA determinations brought by wholesale clients are unpaid and referred to the scheme.

SIAA raised concerns about AFCA's recent determinations in which it stated that will treat self-managed superfunds as retail clients unless they hold at least net assets of at least \$10 million. These determinations are in direct conflict with ASIC's position outlined in its statement of August 2014. We pointed out that only do we consider it inappropriate for a complaints resolution service to set legal precedent (which we believe is the purview of the courts) but if a series of these types of complaints from wholesale self-managed superfunds flow through to the CSLR, the impact on the personal advice sector will be profound.

SIAA made a number of recommendations including the following:

- An independent expert should review the methodology used by AFCA to determine compensation

amounts for the Dixon Advisory complaints.

- All AFCA personnel determining damages should have recognised qualifications and experience in and/or strong knowledge of capital markets where the loss calculation is about investment losses such as in the Dixon Advisory matters.
- An independent expert should review, on an urgent basis, the methodology that will be used by AFCA to assess and determine the United Global Capital complaints.
- AFCA's operating rules should be amended to ensure that it is unable to accept complaints from clients that have been classified by the relevant licensee as wholesale.
- The government should cover the costs and claims of the first 12 months of the scheme as originally promised.
- AFCA fees should not be paid for by industry but must be met by government.

SIAA met with Treasury on 19 March 2025 and reiterated our points.

SIAA will continue to update members on the progress of Treasury's review.

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

SESSION SPOTLIGHT



19–20 May 2025 | Hilton Sydney

Advice in the client's best interest (despite regulatory barriers)

Legislative reform is not required for an adviser to deliver in the client's best interests, despite the regulatory framework that does not work for either adviser or client.

- ✓ Rethinking client communications and the SOA to be both client-friendly and compliant
- ✓ The SOA or the client file? Is there a one-size-fits-all approach?
- ✓ Utilising technology to support efficiency, leaving more time supporting the client.



James Dickson
Oceanic Consulting Group



Amanda Mark
MIntegrity



Simon Russell
Behaviour Finance Australia



Jane Tandy
Leeuwin Wealth
(moderator)

www.stockbrokers.org.au/siaa2025-conference

Government releases legislation for DBFO tranche 2

The government has released exposure draft legislation for the first components of tranche 2 of the DBFO package that:

- replace the statement of advice with a Client Advice Record,
- provide clear rules on what advice topics can be collectively charged for via superannuation,
- allow superannuation funds to provide targeted prompts (nudges) to members to drive greater engagement with superannuation at key life stages.

Client Advice Record

The exposure draft replaces the requirement to provide a Statement of Advice with a new requirement to provide clients with a Client Advice Record.

The circumstances in which a Client Advice Record must be provided to a client remain the same as under the

current Statement of Advice requirements. The presentation and content requirements are modified to ensure the Client Advice Record supports the client to make an informed decision about the advice provided.

A Client Advice Record must include the following:

- The scope of the advice.
- The advice.
- Reasons for the advice, including how it meets the client's objectives, financial situation and needs.
- The name and contact details of the providing entity as well as information on whether the providing entity is an authorised representative.

The draft explanatory memorandum provides that the policy intent behind the new content requirements is to focus the Client Advice Record on the information a client needs to make

an informed decision. The intent is to reduce the length of the Client Advice Record where appropriate to contribute to reducing the regulatory burden in providing advice.

Next steps

The government continues to develop legislation to modernise the best interests duty and create a new class of adviser. These remaining pieces will be consulted on, combined with the draft legislation just released and introduced into Parliament as a single package.

Consultation closes on 2 May 2025.

SIAA will be providing feedback on the exposure draft.

SIAA provides feedback on proposed reportable situations relief

ASIC has recently consulted on proposed relief from reporting certain breaches of the misleading and deceptive conduct provisions and certain contraventions of civil penalty provisions when:

- the breach has been rectified within 30 days from when it first occurred (this includes paying any necessary remediation), and
- the number of impacted consumers does not exceed five, and
- the total financial loss or damage to all impacted consumers resulting from the breach does not exceed \$500 (including where the loss has been remediated), and
- the breach is not a contravention

of the client money reporting rules and clearing and settlement rules.

SIAA provided feedback that the proposed exemptions being suggested by ASIC are so narrow that licensees would be unlikely to rely on them, given that all four requirements need to be met.

We referred to a typical reportable situation where an error has been made in website material which is assessed as having no financial impact on consumers. In that case, the proposed relief would not apply and the licensee would be required to report because the website error is generally available to potentially hundreds or thousands of clients. This is the type of incident

which gives rise to many reports that are of limited benefit due to the minimal impact the breach has on consumers.

To be useful, SIAA recommended that the relief be re-worded so that the requirement for the number of impacted consumers to not exceed five be removed. This would reduce the reporting obligation in a more meaningful way for licensees but would not compromise consumers as the breach rectification and financial loss or damage requirements would remain.

SIAA will update members on the outcome of this consultation.

ASX consults on Release 1 (Clearing Services) amendments to rules and procedures

ASX is consulting on proposed amendments to the ASX Clear Operating Rules, ASX Clear Operating Rules Procedures and ASX Operating Rules Procedures that are required to support Release 1 of the system that will replace current CHES.

Release 1 relates to replacing the CHES clearing component (on a backwards compatible basis) and the introduction of industry-standard Financial Information eXchange (FIX) messaging for Approved Market Operators.

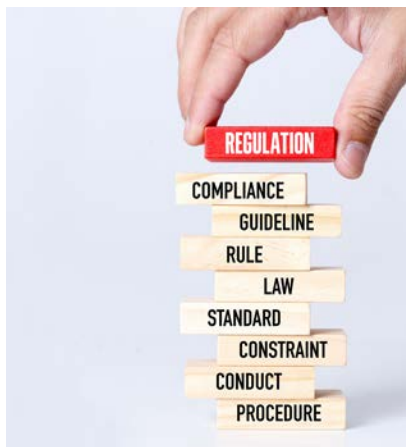
Clearing and Settlement Participants will continue to receive CHES External Interface Specifications (EIS) messages as they currently do, although these messages will be generated by the new Clearing system. ASX advises that Clearing and Settlement Participants are expected to experience minimal disruption as a result of Release 1.

The introduction of FIX messaging for Approved Market Operators will result in these operators sending message to the new clearing component in accordance with the new FIX specification (rather than the existing EIS or other data gateway) for all messages, including trade registration, cancellation and end-of-day price reporting.

Proposed rules and procedures changes

The proposed amendments are being made to:

- reflect the implementation of a new FIX Gateway and FIX messaging for Approved Market Operators, and
- decommission a limited subset of the existing CHES functionality, including the ability for Clearing



Participants to remove trades from novation and set-off, and exclude trades from set-off, in certain circumstances.

No changes are proposed to be made to the rules or procedures in respect of core clearing functionality, including registration, novation, netting and risk management.

ASX has asked for feedback by 14 April 2025. It will share all material changes to the proposed amendments in response to stakeholder feedback by way of a response paper targeted to be published in July-September 2025. The amendments will be subject to regulatory clearance processes.

ASX plans to release the final rules and procedures in October-December 2025, three to six months prior to Release 1 go live. They will become effective at the time of Release 1 go live which is targeted for March-April 2026.

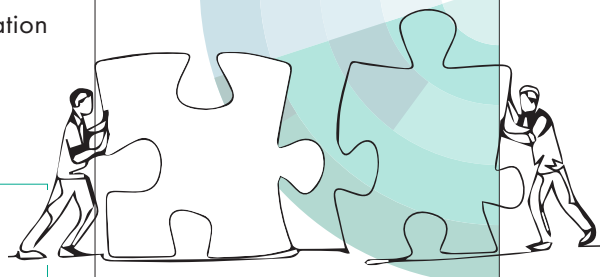
The link to the ASX consultation paper is [here](#).

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
- ✓ Australia's evolving capital markets
- ✓ ASIC Industry Funding Model
- ✓ Market Integrity Rules
- ✓ ASX CHES Replacement Project
- ✓ ASX Mfund wind down
- ✓ Considerations for accelerating cash equities settlement in Australia to T+1
- ✓ Cboe's proposed new listings framework
- ✓ ASX Service Release 15
- ✓ Inquiry into wholesale investor and wholesale client tests
- ✓ Share fraud risks
- ✓ Impact of the Compensation Scheme of Last Resort
- ✓ Competition in clearing and settlement
- ✓ AFCA rules, operational guidelines and decisions
- ✓ Review of eligibility requirements for registration with the TPB
- ✓ The Tax Agent Code of Professional Conduct.

MEMBERS CAN VIEW SUBMISSIONS [HERE](#)



SIAA2025

CREATING CONFIDENCE

19–20 May 2025 | Hilton Sydney

SPEAKERS INCLUDE

- ✓ **Richard Carleton**, Canada Securities Exchange
- ✓ **Kerry Craig**, JP Morgan
- ✓ **Max Cunningham**, NSX
- ✓ **Tricia Ho-Hudson**, Wesfarmers
- ✓ **Rachael Lockyer**, MLC
- ✓ **Helen Lofthouse**, ASX
- ✓ **Louise McCoach**, Dentons Australia
- ✓ **Paul Moore**, PM Capital
- ✓ **Armina Rosenberg**, Minotaur Capital
- ✓ **Arnie Selvarajah**, Bell Financial Group

Early Bird Special (ends Monday 14 April)

Register 4 or more to receive a \$200pp discount
(Principal Member or Non-member). To access this special rate please call
SIAA on 02 8080 3200 or email education@stockbrokers.org.au.

EARLY BIRD to 14 April

STANDARD from 15 April

	Single rate	Group discount 4+	Single rate	Group discount 4+
Practitioner Member	\$750	NA	\$950	NA
Principal Member	\$950	\$750	\$1,150	\$950
Non-member rate	\$1,250	\$1,050	\$1,450	\$1,250

SECURE YOUR SPOT TODAY @
www.stockbrokers.org.au/siaa2025-conference

Major



Gold

AUSIEX
an NRI company



Cboe

Schroders

HUB24

J.P.Morgan
ASSET MANAGEMENT

S&P Global
Market Intelligence

Silver



TANDEM SECURITIES
Part of the Dell Financial Group

Networking drinks



Bronze



Compli
FinTech Solutions Ltd



FLEXTRADE
Trade your best.®



ASSET MANAGEMENT



Supporters



Compliance breakfast



Media partner





THE CURRENT STATUS OF T+1 worldwide

By Barnaby Nelson, Chief Executive Officer, the ValueExchange

Around 40% of global turnover in listed securities is now settled on T+1, and transitions to a shortened settlement cycle have generally been smooth wherever the industry was actively engaged and prepared. As a crucial market in the global securities industry, Australia will almost certainly follow suit – and can benefit from lessons learned.

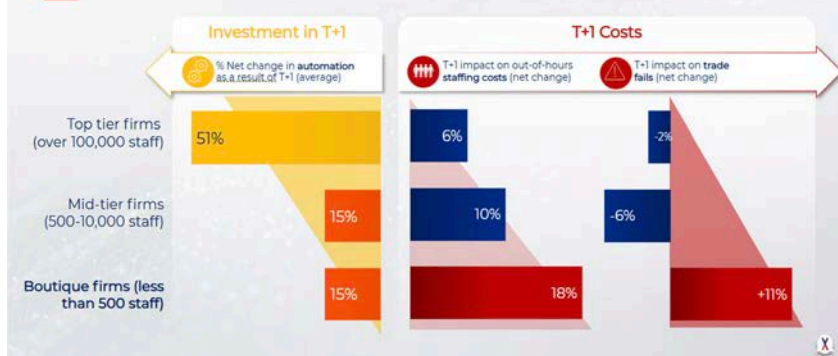
In September 2017, after 20 years, the US market effected a major change by shortening the settlement cycle by one day, with the stated objective to ultimately shorten the cycle to T+1. The transition finally happened in May 2024 for exchanges in the US, as well as Canada, Mexico, and Peru, with

minimal disruption for both domestic and international market participants.

Success can be attributed to a few factors: active engagement by industry through its representative bodies, regulatory decisiveness, and preparation by individual firms. Throughout the process, the industry demonstrated its ability to come together to improve

its performance, discussing practical challenges and creating opportunities for sharing best practices. Broad and meaningful engagement gave the regulator confidence that the change could be achieved without major disruptions. Armed with this confidence, the regulators were firm in setting a target date for the transition and avoided

Lack of automation has driven costs – especially amongst small firms

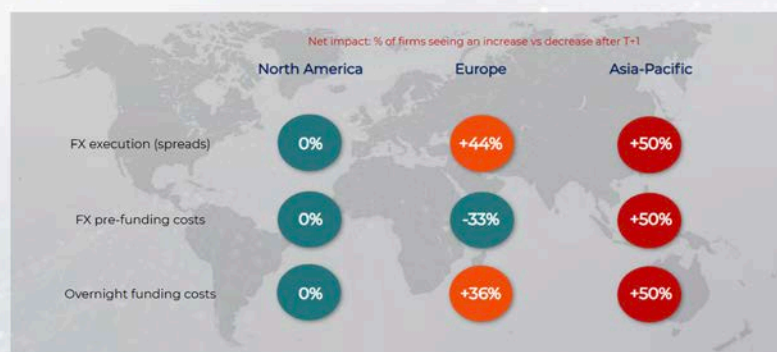


The T+1 roadmap: 2.5 years to prepare for the big wave



How has T+1 impacted our treasuries?

Significant funding cost changes overseas



on trade date. To complete these processes on time and at scale, many firms invested in automation and minimized manual post-trade processing. Those investments not only contained their increased staffing costs necessary to resolve issues within the shorter time-frames but also achieved lower fail rates than under the longer T+2 regime.

The transition not only unlocked the capital savings related to the promised decline in counterparty exposure and the reduction of the clearing fund requirements but, in addition, delivered better quality settlements.

In this context of broad market preparation and education on the change it is perhaps unsurprising that 65% of firms felt that the transition occurred as expected and, in fact, a full 30% considered that the change went better than expected.

The investments in automation have also helped prepare for shortened settlement cycles in other markets. Given the combined size of the markets now settling on T+1, nearly half of all respondents feel prepared for the next wave of markets which are considering the transition, which will likely be the UK, the EU, and Switzerland in 2027-2028. Other jurisdictions – including the major ones in Asia Pacific – have also started considering the transition and are in early consultation stages, which we estimate will take place around 2029 and 2030.

Unfortunately, no amount of preparation and operational enhancements have been able to mitigate a key source of complexity for Australian participants: treasury management. The need to deliver a foreign currency on T+1 has widened forex spreads, increased pre-funding costs as well as the need for overnight funding – all by up to 50%. This is in part due to the funding gap resulting from the availability of proceeds from assets settling on T+2 and the settlement of purchases on a T+1 cycle.

Closing this funding gap is one of the incentives that may encourage Australia to consider shortening its settlement cycle to T+1. This is likely to prove particularly important for large Australian institutional investors with global equity portfolios, such as super

uncertainty to the industry by consistently messaging that no major delays would occur. This certainty, in turn, unlocked investments which had been understood and quantified through the industry engagement process.

Finally, and unsurprisingly, firm-by-firm preparation was the decisive

element that determined how firms experienced the transition. In the specific case of the US, where settlement discipline is relatively lax, the Securities and Exchange Commission (SEC) implemented rules that practically mandated trade confirmation, allocation, and affirmation¹ all occur



funds which invest over half their assets in equities². It also will be encouraged by transition in other markets.

However, the pressure to align with global markets will likely be tempered by the resources that will be required for the deployment of ASX's CHES replacement. This major project will also require the commitment and participation of the Australian financial services industry. The industry has already made its position clear³ to ASX and the Australian Securities and

Investment Commission (ASIC) and prioritized the CHES replacement which is targeted for 2029. This position is supported by the fact that settlement is already highly efficient in Australia, with fail rates, averaging around 0.3% (volume-based) and 0.1% (value-based) from 2019 to 2023.

It is likely the ASX will choose to first complete the CHES replacement before starting the project to shorten the settlement cycle, providing market participants with a very useful guide-

line on their infrastructure investments. Both changes will bring more efficiency and greater functionality. The modernization of the clearing and settlement infrastructure creates an opportunity to review some of the areas that can contribute to the liquidity of the market and mitigate some challenges posed to foreign participants, with measures such as enhancing functionality for stock borrowing and lending, enabling more frequent settlement batches or drive adoption of real-time gross settlement, and leveraging enhancements to the RBA payments systems.

For Australian participants, then, the move to T+1 is more likely to be the final step in the process of modernizing post-trade processing and infrastructure – and success will hinge on firms' commitment to engage and prepare.

¹ Trade affirmation is a process whereby the investor (or its custodian) ascertains that the trade settlement instructions match those alleged by the counterparty, enabling undisputed settlement at DTC.

² [Global Pension Assets Study – 2024 –Thinking Ahead Institute](#)

³ [Considerations for accelerating cash equities settlement in Australia to T+1 – ASX](#)

WHOLESALE TRADING, CLEARING AND INVESTMENT SOLUTIONS

For further guidance and tailored strategies, contact Martyn Johnston
info@tandemsecurities.com.au

Tandem Securities is a registered business name of Third Party Platform Pty Ltd, ABN 74 121 227 905, and Australian Financial Services License (AFSL) 314341. Market and Settlement Participant of ASX and Trading Participant of Cboe Australia. Tandem Securities does not provide investment advice.

**TANDEM
SECURITIES**

A Bell Financial Group business



The S&P/ASX 200 has defined and transformed how market participants engage with the Australian equity market.

An institutional-grade index that is widely considered the official benchmark of the Australian equity market, the S&P/ASX 200 Index is accessible to all investors through ETFs, options, futures and warrants.

 asx.com.au/indices



25 Celebrating
YEARS S&P/ASX
Indices

Asset allocation differences widen between investor types

By Chris Hill, National Manager of Strategic Relationships, AUSIEX

Trading trends and investment asset allocations are diverging between different classes of investors in Australia.

Advised SMSFs, for example, are more likely than self-directed SMSFs to have holdings in active ETFs, LICs, LITs hybrids and AREITs than self-directed SMSFs.

These widening differences among investor cohorts was recently identified in our 2025 [SMSF Under Advice](#) report, which examined and compared the recent trading behaviours and portfolio allocations of advised and self-directed SMSFs.

The report identified increasing allocation of advised SMSFs to exchange traded funds (ETFs) – in stark difference to self-directed SMSFs and non-SMSF retail accounts, both of which tend to prefer direct investments in equities.

Advised SMSFs also now tend to be more diversified in terms of the number of unique securities held as well as sector allocations. For example, advised SMSF accounts hold 15 securities on average, in comparison to 12 for self-directed SMSFs.

Generational differences

We also identified differences between generations of investors. For instance, advised Generation X SMSFs allocate significantly more to healthcare stocks than their self-directed counterparts and less to industrials.

Advised Millennial SMSFs also allocate significantly more than their self-directed SMSF counterparts to healthcare, as well as industrials, real estate and consumer discretionary stocks.

Generation X and Millennials are also active on the new account front. The latter's share of total new trading



accounts jumped from 6.7% to 9.8% year-on-year as more people in this age group (29-44 years) reached the point at which they have sufficient assets to justify operating SMSFs.

Millennials posted the largest year-on-year increase in trading volumes (up 35.5%) among advised accounts in 2024, compared to Generation X (20%) and Baby Boomers (15%). Younger SMSFs investors have different trading preferences to their parents, not just because of their stage of life but also due to their familiarity with other securities such as exchange traded funds – and even cryptocurrency.

Future investment trends

The report also identifies increased enthusiasm in cryptocurrency ETFs, which more than doubled (218%) across all SMSF accounts in the final quarter of the 2024 calendar year.

An asset allocation issue which will continue to attract significant industry attention going forward is the phasing out of bank hybrids following the announcement by the Australian

Prudential Regulatory Authority (APRA). It will be interesting to see what the investment industry produces as alternatives and what investors will shift towards – and we have already seen some product managers respond with an increase in fixed income ETFs.

What's next?

There is also increased demand for fixed income, with a 10.7% increase in the number of trades year on year, with a 2.7% increase in traded value of fixed income ETFs and a 10.9% increase in the number of advised accounts trading domestic fixed income ETFs.

Total holdings in domestic fixed income ETFs were 58.9% higher at the end of January 2025 (compared with the end of January 2024), with 33.8% more advised accounts holding these securities.

Advised accounts also appear to be allocating more to these securities proportionally, as at the end of January 2025, the share of total fixed income holdings value for advised accounts on

SMSF account holdings by asset type

Asset type	Advised SMSFs		Self Directed SMSFs	
	Jan 24	Jan 25	Jan 24	Jan 25
Equities	56.22%	50.91%	86.36%	85.17%
ETF	26.47%	32.68%	6.79%	8.46%
Hybrid	6.75%	5.77%	2.08%	1.79%
ETMF	4.98%	5.63%	0.76%	0.86%
LIC/LIT/AREIT	5.35%	4.89%	3.68%	3.46%
Other	0.13%	0.11%	0.12%	0.18%
Options	0.02%	0.00%	0.02%	0.01%
Warrants (Calls)	0.01%	0.00%	0.02%	0.00%
Fixed Interest	0.08%	0.01%	0.15%	0.08%
Warrants (Puts)	0.00%	0.00%	0.00%	0.00%

Source: AUSIEX February 2025

AUSIEX was 5.3%, up from 3.90% in at the end of January 2024.

The fixed income asset class accounted for around 19% of ETF buy trades for Baby Boomers to outstrip every other ETF strategy in that period, found AUSIEX. It also accounted

for 11.4% of buy trades for advised Generation X investors over the year, ranking as the third most popular ETF strategy in that cohort.

By contrast, fixed interest did not feature among the top ETF strategies used by direct retail investors in any

age group over that period, according to our data.

Download your copy of the report [here](#) or for more information about AUSIEX please visit www.ausdex.com.au.

Disclaimer: This information has been prepared by Australian Investment Exchange Limited (AUSIEX) ABN 71 076 515 930 AFSL 241400, a Market Participant of ASX Limited and Cboe Australia Pty Ltd, a Clearing Participant of ASX Clear Pty Limited and a Settlement Participant of ASX Settlement Pty Limited. Share Trading is a service provided by AUSIEX.

This information contains general advice and has been prepared without taking into account your objectives, financial situation or needs. You should consider its appropriateness, having regard to your objectives, financial situation and needs. Investors should read the relevant disclosure document and seek professional advice before making any decision based on this information. This information has been prepared by Australian Investment Exchange Limited (AUSIEX) ABN 71 076 515 930 AFSL 241400, a wholly owned subsidiary of Nomura Research Institute, Ltd. (NRI). AUSIEX is a Market Participant of ASX Limited and Cboe Australia Pty Ltd, a Clearing Participant of ASX Clear Pty Limited and a Settlement Participant of ASX Settlement Pty Limited.

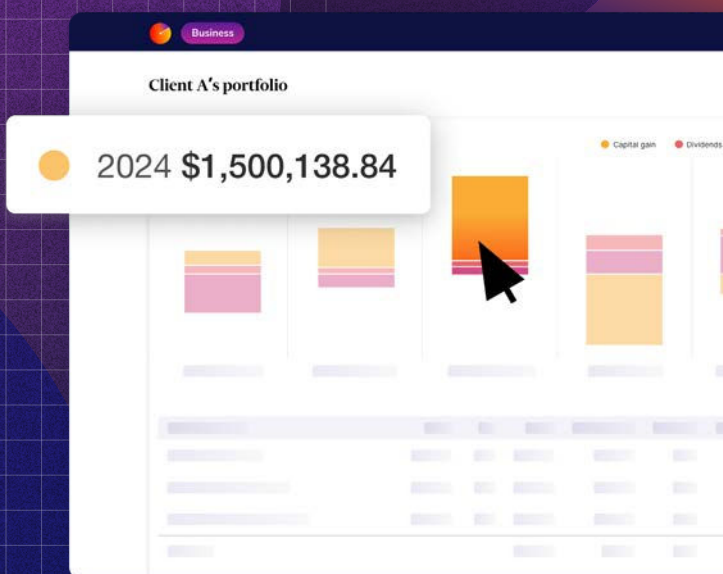


The award-winning investment portfolio tracker for financial professionals

Automatically track all your listed and unlisted investments in one place, including performance, dividends, corporate actions, capital gains and tax reporting.

Start your free trial today

sharesight.com/business





Revolutionising managed accounts

By Andy Robertson, Chief Innovation Officer, Chelmer

The evidence is clear, technology is constantly changing and transforming the investment industry as a whole. If you look at the last 25 years of stockbroking, there have been a number of themes that show how service models have evolved. Part of this is a move away from high touch, manual activity as more digitisation and technology has become available enabling client led service models, but it also coincided with a change from transaction based services to portfolio focused services.

As its place in retail financial services grows significantly, managed accounts, and in particular discretionary managed discretionary accounts (MDA's), are an area the adviser community is increasingly focused on. We are seeing a sustained increase in assets under management and an increase in different types of discretionary service models, which is being enabled by improvements in wealth management technology.

Recently, I was joined by Toby Potter from Philo Capital Advisers to pres-

ent a webinar for SIAA. Moderated by Leanne Bradley from Suite2Go, the webinar explored the advantages of managed accounts with a focus on the Australian MDA regime and how technology is addressing common challenges. It was an insightful and well received discussion that merits revisiting.

We were very fortunate to have Toby share the most recent managed account census data released days prior to the webinar by the Institute of Managed Account Professionals

(IMAP) and Milliman. The data shows that Australian assets under management (AUM) has grown 23.2% from the previous year. As of December 2024, AUM is \$232.77 billion. Of that, separately managed accounts (SMA's) maintain a 64% market share, or \$148 billion (an increase of 36% year-on-year) and MDA's account for 25% of total assets, or \$58.3 billion (a 5% increase year-on-year).

Growing by 27% over the past eight or so years, Toby said the statistics show managed accounts are a

very significant part of the Australian retail financial services and of advice in general.

There's no doubt that the managed accounts sector is delivering for investors, and there are advantages to wealth managers and advisers in being able to offer these types of discretionary service structures to their operating models and business.

If we look at more traditional advice giving businesses, traditional metrics were based on how high you could get the adviser to client ratio. Of course, you could drive that number higher, but it came at the expense of effectively standardising the client portfolio. If an adviser just put everyone into a SMA they will be able to have a much higher ratio than if they had a lot of personalised portfolios. An efficient business was one where both the adviser to client ratio count and amount of personalisation were both increasing. Ultimately, sooner or later, the ratio and personalisation plateau as the limiting factor is the nature of the advice business model and the adviser themselves.

So, while the advice business model tends to taper out, the discretionary type service model can achieve a higher starting ratio and the ability to increase that and the personalisation well in excess of the advisory model. For the business metrics, the ratio patterns still apply, it's just that you should be able to extend your adviser to client ratio and actually be able to support a far greater amount of personalisation in the portfolio services you are offering. The ratio of model portfolios (targets) to personalised portfolios is an additional business metric that should be used in discretionary models. For example, a 1-to-1 ratio is a poor efficiency metric typically because of poor technology.

To start providing discretionary account services, there are a couple of key additional technology or data elements that are needed that may not have existed in an advisory or traditional broking service model.

You are looking for technology to capture data for the portfolio target or model portfolio, not just at the top

“

You are looking for technology to capture data for the portfolio target or model portfolio, not just at the top level asset allocation to asset classes but all the way down to the individual asset weightings themselves. This, when combined with the actual portfolio holdings provides the mechanism to rebalance. The business process shifts from changing portfolios (orders) to changing models (targets).

level asset allocation to asset classes but all the way down to the individual asset weightings themselves. This, when combined with the actual portfolio holdings provides the mechanism to rebalance. The business process shifts from changing portfolios (orders) to changing models (targets).

Rebalancing is just mass order generation, but you can only achieve it if you have the target asset allocation at individual asset weights and the current state of the portfolio taking into account existing orders. At its simplest implementation, rebalancing automates the adviser manually entering a lot of orders. Rebalancing in some service models may still be performed by an adviser or portfolio manager, and may allow for varying from the targets, but other business models may have the rebalancing being done by automated technology as a background process.

In addition to portfolio targets, the technology will need to hold compliance related investment data. Some of this may be organisation policy, some may be organisation profile settings, and some will be individual client personalisation. These are typically a combination of 'must haves', including asset type, sector etc ranges, but also the 'must not's', for example cannot hold certain asset classes or assets. Good technology will validate that changes in the portfolio models and targets conform with the compliance data before they come into effect, and that orders generated at the rebalance

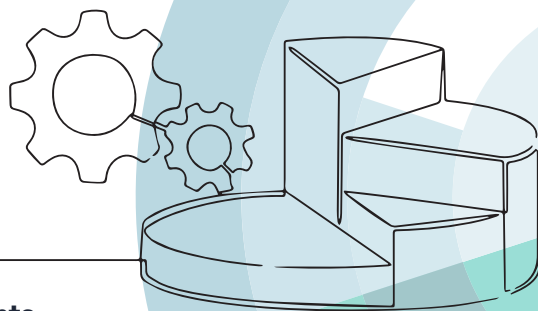
stage also conform with the compliance data.

Personalisation is a key benefit of good efficient wealth management technology used in a discretionary service, but it also offers standardisation where it is important. Gone are the problems of manually placing orders in all portfolios to sell an asset that needs urgently removing from a portfolio and the inequality in execution that causes because of timing, or not being able to reach clients to make a decision on an elective corporate action. Portfolio implementation and execution become standardised services.

Generally speaking, if the technology has been done well and is a good discretionary platform, it will have all the data and elements of a traditional broking or advice technology platform, but with the additional functionality that allows you to concurrently provide a SMA or MDA type service model.

For those that would like to explore the topic further, Chelmer has put together a more comprehensive resource that delves into the key themes presented during the webinar. You can find a copy of this on our website www.chelmer.co along with further information about how Myriad by Chelmer can enable you to establish or expand your managed account offering and do more with greater efficiency.

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.

How the CSLR affects the industry

Wednesday 9 April from 1.00pm to 2.00pm AEST

The Compensation Scheme of Last Resort (CSLR) is a key concern for advisers facing a huge compensation bill. SIAA's Michelle Huckel will explain its origins, the impact of firm collapses, and potential solutions for the industry.

Professional Standards CPD: Professionalism and ethics 1.0

ASIC Knowledge Area: Generic knowledge 1.0



MICHELLE HUCKEL
SIAA

Looking for income, potential growth and diversification for clients using LICs

Wednesday 23 April from 1.00pm to 2.00pm AEST

With market uncertainty rising, interest rates falling and changes for bank hybrids approaching, discover how ASX-listed LICs can offer advisers and clients stable, long-term income and growth, diversification, and consistent returns.

Professional Standards CPD: Technical competence 1.0

ASIC Knowledge Area: Generic knowledge 1.0



IAN IRVINE
The Listed Investment Companies
& Trusts Association



ANGUS GLUSKIE
Whitefield Industrials



BRETT MCNEILL
Djerriwarrh (ASX: DJW)



COLIN WHITEHEAD
Argo Infrastructure
(ASX: ALI)

AML/CTF Reforms – What it means for you

Wednesday 30 April from 1.00pm to 2.00pm AEST

Recent changes to the AML/CTF Act will impact stockbrokers. This webinar will cover the scope of the reforms, implementation timelines, touch on dealing with digital currencies, adopting a risk-based approach, and practical steps to prepare.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0

ASIC Knowledge Area: Generic knowledge 1.0



PAUL DERHAM
Holley Nethercote



KEDDIE WALLER
Holley Nethercote

ASX Trade Service Release 15 (SR15)

Wednesday 7 May from 1.00pm to 2.00pm AEST

ASX Trade Service Release 15 introduces key equity market changes, including a single random open, a new post-close session, and simplified trade reporting. Join Graham O'Brien from ASX for an overview and Q&A ahead of the May 12 go-live.

Professional Standards CPD: Regulatory compliance and consumer protection 1.0

ASIC Knowledge Area: Generic knowledge 1.0



GRAHAM O'BRIEN
ASX

WEBINARS
Member **FREE**
Non-member \$75

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

Thanks for
supporting SIAA's
education program

CHELMER



FOR MORE INFORMATION OR TO REGISTER: 02 8080 3200 | education@stockbrokers.org.au

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

THE DEMOCRATISATION OF FIXED INCOME: how innovation is changing the market!



By Emily Boden, Head of Institutional Sales and Relationship Management, Perpetual Digital

No longer the realm of institutions and the super-wealthy, over-the-counter (OTC) fixed income investment is now available to wealth advisers looking to diversify their client's portfolios.

A market ripe for disruption

Until recently, the fixed income market has not reaped the rewards of significant advancements in technological infrastructure.

Traditionally, wealth managers, financial advisers, and dealer groups have faced significant barriers when accessing OTC fixed income products due to limited transparency, fragmented research, and operational inefficiencies. These challenges have restricted their ability to optimise client portfolios and provide informed investment recommendations.

For those advisers who do invest in fixed income markets, many still spend an overwhelming amount of time on manual, analogue processes – sifting through data, pricing bonds, and executing trades with outdated tools.

This lack of automation not only slows decision-making but also diverts focus from client engagement and strategic investment planning.

By comparison, the equities market has seen significant technological innovation – resulting in huge opportunities for investors. Advanced trading tools, including conditional orders and stock screeners, streamline operations and improve market responsiveness.

Real-time analytics provide instant market insights, helping advisers make informed decisions and maintain client engagement. These innovations enable scalable, cost-effective, and personalised equity trading services in an ever-evolving financial landscape.

For the first time in the fixed income market's history, new technology is set to disrupt the Australian industry. Fixed Income Intelligence – Perpetual Corporate Trust's (PCT) new end-to-end SaaS solution addresses the challenges of OTC fixed income investments and makes the asset class available – in relevant parcel sizes – to private wealth advisers.

New frontiers: How technological innovation drives growth

The banking and financial services sector is at its core complex and esoteric. Successful innovation in this space often comes from within.

For over 135 years, the Perpetual Group has been a trusted partner to the banking and finance sector. PCT, as part of the Group, has been a cornerstone for the Australian financial services industry. As the industry has changed – so too has PCT evolved to cater for new challenges facing the industry.

In 2024 PCT was named one of Australia's most innovative companies by the Australian Financial Review, primarily for its work in digitising structured finance. This program of work was led by PCT's innovation arm – Perpetual Digital.



Technology case study: proven industry success

Over 30 years ago Structured Finance was introduced as a trusted form of funding in the Australian market. Today Structured Finance represents over \$160 billion of funding, with PCT playing a critical role as infrastructure supporting substantial transaction volumes.

The innovative technology solutions developed by Perpetual Digital, for Structured Finance, grew from the initial development of regulatory reporting technology to support one bank to meet regulatory obligations. Through continued investment, and consulting with the industry on their key challenges, PCT, through Perpetual Digital, now offers a cloud-based SaaS suite, Perpetual Intelligence.

Perpetual Intelligence now seamlessly integrates into structured finance funding processes, potentially connect-

ing over 150 Australian issuers with 600 global and domestic fixed income institutional investors, along with numerous law firms, rating agencies, and intermediary banks, thus creating a dynamic and cyber-secure ecosystem.

Revolutionising fixed income

PCT, and Perpetual Digital, have now turned their attention to the challenges faced by the fixed income market – with the aim of improving the efficiency and effectiveness of the entire ecosystem. PCT's latest innovation – Fixed Income Intelligence – is an end-to-end SaaS platform, meaning it integrates a previously fragmented investment process.

Until now in Australia, to invest in the OTC market, multiple service providers were required to carry out each individual function – one supplier for pre-trade advisory and bond selection; another for trade execution; another for settlement and another for custody and reporting. Now Fixed Income Intelligence seamlessly consolidates these processes into a single, efficient workflow.

This integration eliminates inefficiencies, reduces operational risk, and enhances transparency, making it a one-of-a-kind offering in the Australian market. Specifically the Fixed Income Intelligence solution includes the following capabilities:

Advanced research and portfolio construction

Fixed Income Intelligence has been developed in collaboration with BondAdviser. The BondAdviser platform is integrated into the solution and provides in-depth, bottom-up domestic and global research, analysing over a million data points daily. This enables advisers to search and filter through thousands of bonds across different currencies, credit ratings, and risk factors to build risk-aligned investment portfolios instantly. Importantly, the platform allows advisers to filter and create portfolios using only liquid bonds, this ensures they create

portfolios with bonds only available on the day.

The platform facilitates:

- Search, filter, and construct customised or model portfolios.
- Automated recalculations for modifications, ensuring agility.
- Seamless conversion of proposals into trade orders via integrated APIs.

Efficient trade execution and liquidity access

The execution capabilities provide direct access to over 17 price makers, ensuring competitive pricing and optimal trade execution. Fixed Income Intelligence offers:

- Automated trade execution and settlement via Austraclear and Euroclear.
- Support for small parcel trading (as low as \$10k), broadening access to fixed income investments. Typically, traditional providers parcels are 500k+
- Built-in deal authorisation workflows and pre-trade compliance measures.

Integrated settlement, custody, and reporting

PCT, a trusted market leader with over 20 years of experience and nearly \$250 billion in funds under administration, ensures seamless trade settlement, custody, and reporting. Key benefits include:

- Automatic settlement and transition into custody upon trade execution.
- Full compliance with ASIC regulatory guidelines (RG 133 & RG 166) with robust governance.
- Comprehensive client-side reporting covering reconciliations, trade confirmations, coupon statements, independent valuations, and corporate action management.

For more information on Fixed Income Intelligence contact Emily Boden emily.boden@perpetual.com.au.



HONOURING 30 YEARS OF CHANGE & CHARITY

2025

ASF AWARDS NIGHT

THURSDAY **19** AT 05:30 PM
JUNE

SOFITEL SYDNEY WENTWORTH

JOIN US FOR A NIGHT OF CELEBRATION, CONNECTION, AND GIVING BACK.
THIS YEAR'S THEME, "LUCKY", REMINDS US HOW FORTUNATE WE ARE TO MAKE
A DIFFERENCE.

ALL FUNDS RAISED WILL SUPPORT OUR 10 AUSTRALIAN CHARITIES.

BOOK NOW



stockbrokersfoundation.org.au/stockbrokers-awards



The data maturity advantage: a guide for Australian stockbrokers

By James Dickson, Managing Director, OCG

What is a data maturity assessment and why should Australian stockbrokers care?

In today's fast-paced financial markets, data has become the most valuable asset for stockbrokers. From client insights and risk management to algorithmic trading and compliance, the ability to effectively manage and leverage data is a key differentiator. However, many financial services firms right across the globe, operate with fragmented data systems, outdated processes, and a lack of clear governance, which can limit their ability to make informed decisions and drive business growth.

A Data Maturity Assessment ("DMA") is a structured evaluation of an organisation's data capabilities. It measures how well a firm manages, integrates, and utilises data to drive business outcomes. For Australian stockbrokers, a DMA is essential in navigating increasing regulatory scrutiny, adopting emerging technologies,

and maintaining a competitive edge in a rapidly evolving industry.

This article explores the concept of data maturity, why it should be a strategic priority for Australian stockbrokers and the key steps in a DMA.

What is data maturity?

Data maturity reflects how effectively an organisation collects, manages and uses data. It progresses through five stages:

1. **Initial (Ad-Hoc)** – Data is unstructured, siloed and inconsistently managed. Decisions rely on instinct rather than insights.
2. **Developing (Reactive)** – Some efforts to organise data exist, but inconsistencies remain. Duplications lead to inefficiencies.
3. **Defined (Proactive)** – Governance frameworks improve data accuracy. Some automation is in place.
4. **Advanced (Predictive)** – Data drives forecasting and decision-making. AI and analytics play a growing role.

5. **Optimised (Innovative)** – Data is fully integrated, enabling real-time insights and AI-driven strategies.

A Data Maturity Assessment helps organisations identify where they currently sit on this spectrum and outlines the steps needed to progress to higher levels of maturity.

Why should Australian stockbrokers care?

The six key reasons brokers should prioritise data and its optimisation are outlined below:

1. Regulatory compliance and risk management

The Australian financial services industry is governed by strict regulations, including those set by the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA). Stockbrokers are required to maintain robust data governance frameworks to ensure

“

The rise of artificial intelligence (AI), machine learning, and big data analytics has transformed the financial services landscape.

compliance with Know Your Customer (KYC), Anti-Money Laundering (AML), and other financial crime prevention laws.

A Data Maturity Assessment helps stockbrokers evaluate their data governance and compliance processes, ensuring they meet regulatory requirements while minimising risks related to data breaches and inaccuracies.

2. Enhanced decision-making through data-driven insights

Stockbrokers rely on real-time market data, client transaction history, and economic indicators to make informed investment decisions. However, if data is fragmented, outdated, or inaccurate, decision-making is compromised.

By assessing and improving data maturity, firms can centralise their data, implement real-time analytics, and gain deeper insights into market trends, client behaviour, and portfolio performance. This leads to better trading strategies and stronger client recommendations.

3. Competitive advantage through technology and innovation

The rise of artificial intelligence (AI), machine learning, and big data analytics has transformed the financial services landscape. Stockbrokers who leverage advanced data analytics gain a significant competitive advantage in areas such as algorithmic trading, risk modelling, and personalised client services.

A Data Maturity Assessment helps firms identify gaps in their technology infrastructure and develop a roadmap for adopting innovative data solutions,

ensuring they stay ahead of their competitors.

4. Improved client experience and retention

Clients expect a personalised, data-driven approach to investing. From tailored investment recommendations to automated portfolio rebalancing, data plays a crucial role in enhancing client experiences.

Stockbrokers with high data maturity can leverage client data effectively, offering more customised services and better communication. This not only improves client satisfaction but also increases retention and referrals.

5. Operational efficiency and cost reduction

Poor data management leads to inefficiencies, redundancies, and increased operational costs. Many stockbroking firms still rely on manual processes and outdated systems, resulting in data silos and duplicated efforts.

A Data Maturity Assessment uncovers inefficiencies and highlights opportunities to automate workflows, integrate data systems, and streamline operations. This reduces costs while enhancing productivity and accuracy.

6. Futureproofing against market disruptions

The financial services industry is rapidly evolving, with disruptions caused by fintech startups, blockchain technologies, and decentralised finance (DeFi). Stockbrokers that fail to adapt to these changes risk obsolescence.

A Data Maturity Assessment provides a strategic blueprint for future-proofing operations. By identifying gaps and implementing robust data

strategies, stockbrokers can remain agile and resilient in an increasingly digital marketplace.

How is a data maturity assessment conducted?

To unlock these benefits, brokers must first assess their data maturity. A Data Maturity Assessment (DMA) typically involves the following steps:

- **Data inventory and mapping** – Identifying sources, formats and storage systems.
- **Governance and compliance review** – Assessing data policies and security measures.
- **Technology evaluation** – Reviewing data management tools and analytics capabilities.
- **Process and workflow analysis** – Identifying inefficiencies and automation opportunities.
- **Benchmarking and gap analysis** – Comparing maturity levels against industry standards.
- **Strategic roadmap** – Providing actionable recommendations for improvement.

How can OCG help?

Assessing and improving data maturity requires expertise. OCG helps Australian stockbrokers enhance their data capabilities, ensuring compliance, improving efficiency and unlocking growth opportunities.

Our tailored Data Maturity Assessments provide a clear roadmap for transformation. From governance frameworks and technology integration to AI-driven analytics and automation, we help firms maximise their data potential.

Don't let outdated systems or compliance risks hold your firm back.

Start your data assessment and transformation journey today by contacting OCG's Managing Director, James Dickson, or Head of Consulting, Anthony Speight.

This article is general information and does not consider the circumstances of any investor or constitute advice. No information mentioned in this article constitutes an offer or inducement to enter into any investment activity.



Bad news is good news

By Jason Spits, Senior Journalist, [selfmanagementsuper](#)

Superannuation has not had a good run in the media in the past few weeks. It often appears in the business pages, but recent events have pushed it to the front of that section and in some cases to the front page – either digitally or in print.

Let me bring you up to speed.

On 12 November 2024, the Australian Securities and Investments Commission (ASIC) sued Cbus for delays of more than 90 days in processing the death benefits and total and permanent disability insurance claims of more than 10,000 members during the period from September 2022 to November 2024, resulting in losses of \$20 million. The case is ongoing.

Moving on to this year, in late January, the corporate watchdog wrote to the trustees of all Australian Prudential Regulation Authority (APRA)-regulated funds urging them to strengthen anti-scam practices after an ASIC review of 15 trustees found none had an organisation-wide scam strategy in place.

A month later in late February, AustralianSuper was given a \$27 million penalty for failing to merge multiple member accounts held by 90,700 members in the period from 1 July 2013

to 31 March 2023, resulting in \$69 million in losses through multiple administration fees, insurance premiums and lost investment earnings.

Moving into March, ASIC also sued AustralianSuper for delaying payment of 6897 death benefit claims, some taking more than four years, despite having all the information required to pay the benefits.

Within days of that court action, Active Super was given a \$10.5 million penalty for greenwashing after it was found to have been investing in firms involved with gambling and fossil fuels, despite claiming it avoided any such investments.

Perhaps you can see why superannuation grabbed the headlines – 114,000 people affected, \$89 million of member funds lost and \$37.5 million in penalties handed down.

As someone who covers the SMSF sector, it would be easy to stand on the

sidelines, point the finger and laugh at their misfortune, and many would join in with strong memories of the repeated attacks on SMSFs by the profit-for-members side of the superannuation sector.

One of the favourite sticks with which to beat the SMSF sector has been the use of limited recourse borrowing arrangements (LRBA), where a fund sources a loan from a non-bank lender or even a related-party under strict rules watched closely by the ATO, to purchase an asset.

Two reviews by APRA, ASIC, Treasury and the Reserve Bank of Australia found some issues around the edges that government asked them to re-examine two years later, but none of the predicted 'systemic' problems that would arise from the use of LRBAs were identified.

Another stick is that SMSFs are not competitive enough in terms of returns,

nor cost-effective, compared to APRA-regulated funds, but two pieces of ongoing research conducted by the University of Adelaide for the SMSF Association have disproved that argument over the past four years.

The research also found the ideal starting balance of \$500,000 was a figure without any basis in reality and SMSFs were cost-effective, and performed comparably with large funds, with balances around the \$240,000 mark.

ASIC has noted the quality of advice given in regards to SMSF establishments can be lacking. The SMSF Association has also noted this and is leading calls for only those with specialist training being able to provide SMSF advice, highlighting the inherent and often complex tax, super, trust and estate planning considerations a self-governed fund can raise for members.

At this point you might be thinking: 'Well at least with an SMSF I call the

“

The research also found the ideal starting balance of \$500,000 was a figure without any basis in reality and SMSFs were cost-effective, and performed comparably with large funds, with balances around the \$240,000 mark.

shots on all the issues APRA-regulated funds have failed on. Should I sign-up or (if you are over 65) just get out of the system altogether?’

As much as it pains me to say it, don't panic and don't run for the hills. APRA-regulated funds are some of the most closely watched retirement investment schemes in the world. Our super system, while showing its age and needing some reforms, is still world class and in the top five retirement income systems in the world.

Should you still consider an SMSF? By all means, but only if it suits your needs and you have spoken with an

appropriately qualified, licensed professional adviser about what it means to leave an APRA-regulated fund and run your own.

Don't look at the recent bad news as a sign the system is flawed and your money is at risk. Look at it as evidence that when funds get out of line, they are reeled back and made to do the walk of shame for the benefit of their members.

To subscribe to *selfmanagedsuper* please visit www.smsmagazine.com.au



TCS BaNCS™ Brokerage – Integrated Front, Middle and Back Office Solution for Capital Markets

TCS BaNCS Brokerage for capital markets provides an integrated experience across trading, clearing and settlement functions, delivering a seamless omni-channel experience to brokers' end customers on both the retail and institutional sides. All functions, from trade execution to final settlement to portfolio view, are supported in an easy-to-use, user-friendly interface. The trading and clearing solutions are modular and also can be implemented standalone with integration to third-party trading or back office systems.

The TCS BaNCS Brokerage advantage:

- Highly scalable SaaS solution.
- Feature-rich, multi-market, multi-asset, multi-currency, omni-channel.
- Quick and efficient exception-based post-trade processing with self-healing features.
- Build-Your-Own, multi-functional user-friendly reporting tool for quick report creation and emailing.
- Rule-based post-trade system seamlessly integrated with TCS BaNCS Market Infrastructure product.

For more information, visit <https://www.tcs.com/what-we-do/products-platforms/tcs-bancs> or email Nilanjan.Ray@tcs.com





**Stockbrokers and Investment
Advisers Association**

Serving the interests of investors

www.stockbrokers.org.au