

Media Release

WEDNESDAY 20 JUNE 2018

BT Financial Advice announces removal of grandfathered payments

Customers of BT Financial Advice operating through the Westpac, St.George, Bank of Melbourne and BankSA networks (BT Financial Advisers) will benefit from the removal of grandfathered payments attributable to their BT products.

We are working towards the changes taking effect from 1 October 2018 to allow sufficient time for implementation across more than 12 different IT systems, two platforms and many products.

BT will honour its contractual obligations to external financial advisers who are currently receiving grandfathered payments in respect of a BT financial product. However, should they request the removal of grandfathered payments, we will assist them to make similar changes.

The introduction of the Future of Financial Advice (FoFA) reforms in 2013 included a prospective ban on conflicted remuneration. Generally, arrangements in place prior to the commencement of FoFA were grandfathered, permitting the continuation of grandfathered payments, such as commissions, under those arrangements.

It was generally understood at the time that grandfathering of those arrangements was necessary, at least in part, because legislators could not extinguish existing contractual rights without compensating those impacted by such a change.

Five years on, more than 140,000 BT Advised customer accounts are still subject to these grandfathered payments. We have considered this position from both a customer and a stakeholder perspective and decided that it is the right time to draw a line under these past arrangements and eliminate them as far as we are contractually able.

Brad Cooper, CEO BT Financial Group said: "More than 140,000 customer accounts will benefit from these changes to their BT superannuation, investment, insurance and platform products".

"In recent years, BT has made numerous changes to its business to raise standards and these changes are the next step on that journey for BT".

"Our announcement today builds on prior decisions to stop BT Financial Advisers receiving any benefit from stamping fees (despite being permitted under FoFA), ensuring that all BT Financial Advice ongoing advice customers receive an opt-in notice (not just those who joined after the FoFA reforms commenced as required by FoFA) and giving customers the opportunity to openly provide and review feedback through BT Adviser View."

The financial impact of these changes would have represented \$14 million of 1H18 cash earnings.

Ends.

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