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MEDIA RELEASE: A new world-leading standard for asset managers – Principles of Internal Governance and Asset Stewardship regime commences

The Financial Services Council (FSC) and AllianceBernstein (AB) have produced a white paper to mark the asset management industry’s adoption of the FSC’s Principles of Internal Governance and Asset Stewardship Standard which commenced on 1 January.

The standard—the first of its kind in Australia—is a significant initiative by the FSC and its investment industry members to maintain world-class governance and, in the post-financial crisis environment, strengthen the foundations of public trust in the industry. The standard is mandatory for FSC members.

At the FSC Leaders Summit held shortly after the code was announced in July 2017, an expert industry panel led by Jen Driscoll, AB’s Chief Executive Officer – Australia, discussed the background to the code, its design and objectives, and its likely impact on the industry. [The paper](#) features edited highlights of their discussion.

FSC Standard 23: Principles of Internal Governance and Asset Stewardship has been developed to:

- Encourage higher standards of internal governance and stewardship practices;
- Provide better information for clients and other stakeholders; and
- Raise the quality and standing of Australia’s financial services internationally.

It has incorporated the strongest stewardship and governance elements from similar initiatives overseas and becomes mandatory for close to 50 FSC asset manager members from 1 July.

Although inspired by similar standards in other jurisdictions, the FSC code goes further, addressing not only asset stewardship and conflicts of interest, but also asset managers’ internal governance.

It requires fund managers to explain their policies and practices under three broad headings—organisational and investment approach, internal governance and asset stewardship—and to share the explanations publicly.

Ms. Driscoll said: “The standard reflects how keenly Australian fund managers understand the importance of ethics and governance in rebuilding and maintaining trust, and how seriously they take the challenge.”

The FSC is aiming for as broad a reach as possible and FSC membership is not a prerequisite for adhering to the standard. All investment managers and asset owners are encouraged to sign up.

FSC CEO Sally Loane said: “Our Internal Governance and Asset Stewardship standard sets Australian asset managers—responsible for investing almost \$3 trillion dollars—what we believe is the highest bar in the world for reporting their organisational processes and meeting their governance and stewardship responsibilities.

“Australian consumers can take confidence that their superannuation savings are being managed within a world class framework.”

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.