IMAP MDA 360 Webinar Series

Fee Disclosure for MDAs

Michael Mavromatis, Holley Nethercote

IMAP
Institute of Managed Account Professionals

MDA 360 Program

	MDA Webinar series
17th August	Insurance for MDAs
18th August	Understanding your Fiduciary Duty as an MDA Provider
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19-20 November	**MDA Leadership Summit**

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MDA 360 Program

	Presenters
AJ Gallagher	**Steven Hughes** – Principal
Akambo	**Jane Zhou** – Head of Governance
Consultant	**Mark Watmore** – Partner
Crowe	**Sean Pascoe** – Partner
JM GRC Consulting	**Jenny Mulders** - Founder
Hamilton Locke	**Simon Carrodus** – Partner
	Jaime Lumsden – Partner
Holley Nethercote	**Michael Mavromatis** – Partner
	Jesse Vermiglio – Partner
HSF Kramer	**Andrew Bradley** – Partner

IMAP Alternatives and Discretionary Portfolio Management Conference

The Fullerton, Sydney

16th September

Ask a Question

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MDA fee disclosure - Navigating RG97 in practice

Michael Mavromatis
Partner, Holley Nethercote

Institute of Managed Account Professionals

20 August 2026

For discussion today

- Why is RG97 disclosure so complicated when it comes to MDAs?
- How do different MDA models affect the analysis?
- Why correct retail versus wholesale client classification is so important.
- Where do conflicts of interest sit in all of this?
- So I don't have any conflicts. Does that make me independent?

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A brief history of time:
Fee disclosure and RG97 –
How do MDAs fit in?
(Not well)

- A brief history of fee disclosure and RG97.
- RG 97 – So much to discuss. Let’s talk about interposed vehicles.
- Where do MDAs fit into the mix?

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Where do MDAs fit into the mix?

The MDA contract must contain information about the fees and costs of the MDA in a manner that is consistent with Sch 10 of the Corporations Regulations *as if it were* a PDS for a registered scheme.

RG 179.155

As if it were…

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Financial Services Guide – MDA

Instructions to user *(Delete this box once the tool has been tailored to your organisation.)*

Use caution when working from templates. Review the template carefully and tailor it to ensure that it accurately reflects what happens in practice.

This example Financial Services Guide is intended for information purposes only. You must make sure the Financial Services Guide reflects your business.

In order to tailor this tool to your organisation:

- follow the instructions in the yellow highlighted text and replace or delete that text as appropriate
- if desired, replace 'the Licensee' with the name of your licensee
- replace or alter the aqua highlighted text to better suit your business and/or risk appetite, while still being mindful of the relevant regulatory requirements

If you require assistance with this document, contact Holley Nethercote Lawyers at info@hnlaw.com.au to obtain an estimate of our fees for this service.

Fees and other costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance, rather than 1%, could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

Disclaimer

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MDA Service – Fees and Costs Summary		
Type of fee or cost	**Amount**	**How and when paid**
Ongoing annual fees and costs		
Management fees and costs The fees and costs for managing your investment	[X]% per year + GST, based on assets under management. (Includes [Y]% p.a. – set out the various components of the fee.) *[Note: ASIC expects the costs of underlying funds (where they are interposed vehicles) to be incorporated into the management costs row above. (I.e. both amounts are added and stated together – i.e. one total figure for the costs of the MDA Service provider plus managed funds costs).]* These expenses vary from one to another and are tracked and	Calculated on a daily basis using a Portfolio value at the close of trading for that day. Deducted from your [insert the account from which deductions will be made] monthly in the following month and paid to [insert].

Sample only – for discussion purposes

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Fee example

Example – MDA Service		BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING YEAR
Contribution Fees	[insert]	For every additional $5,000 you put in, you will be charged $[insert].
PLUS Management fees and costs	[X]% per annum.	And, for every $50,000 you have in the MDA Service, you will be charged [add indirect costs – i.e. the costs of the managed fund fees and costs] $[insert] p.a. (incl. GST) or [insert] p.a. (incl. GST) each year.
PLUS Performance fees	[insert]	And, you will be charged or have deducted from your investment $[insert] in performance fees this year.
PLUS Transaction Costs	[insert]	And, you will be charged or have deducted from your investment $[insert] in transaction costs this year.
EQUALS Cost of MDA Service, including managed fund fees		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees and costs in the range of: $[x] to $[x]* (inc. GST) [need to add indirect costs – i.e. the costs of the managed fund's management fees and costs] What it costs you will depend on the investment option you choose.

Note 1:

Sample only – for discussion purposes

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mda

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Financial Product Advice - Investment Products

MDAs - AFSL, Wholesale

$495 + GST

Last updated - 19 Mar 2024

3 documents included

How do different MDA models affect the analysis?

- No two MDAs are the same;
- It's a broad church;
- Which model is yours closest to?
- Where is the advice being provided? Internal v external;
- Or are you operating a wholesale model?
- Did you even know you might be operating a wholesale MDA?

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Why is correct retail versus wholesale client classification so important?

- **Recent regulatory action –**
- *ASIC imposes licence conditions on Corpay subsidiary following compliance failures.*
- *Binance Australia Derivatives ordered to pay $10 million penalty for onboarding failure causing millions in client trading losses.*
- ASIC and AFCA positions on SMSFs

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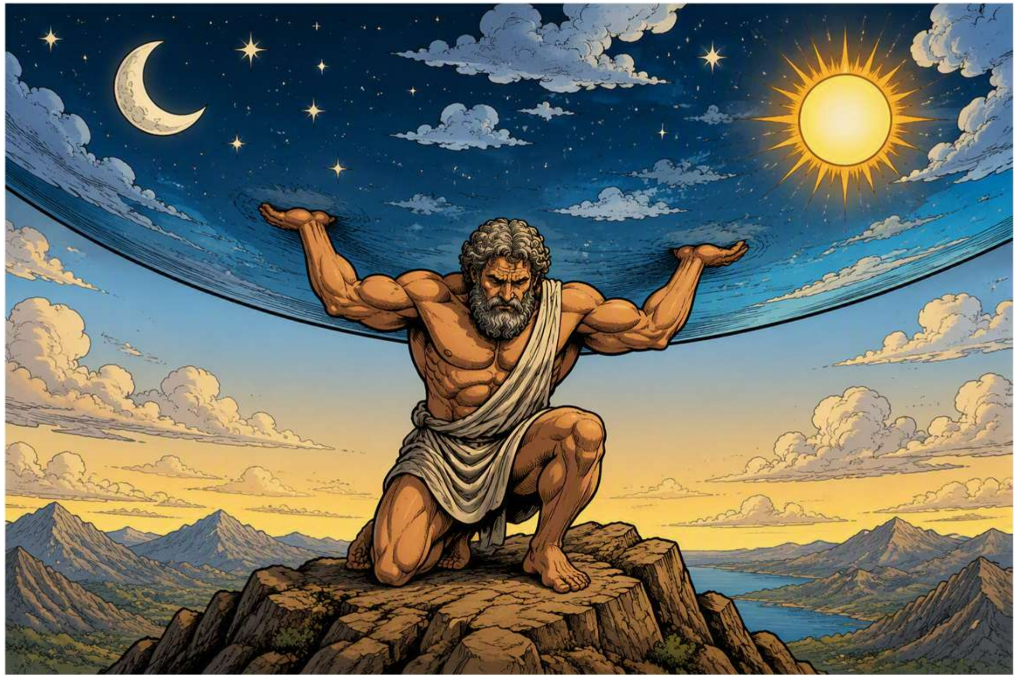
Asset holding

- Are you providing custody?
- If you're not, who is?
- Are you sure your custodian is external?



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Conflicts of interest

1. Where should you start?
2. ASIC RG 181 – *AFS licensing: Managing conflicts of interest*
3. Late last year, RG 181 was updated for the first time in over 20 years.
4. Conflicts v conflicted remuneration.
5. MDAs v managed accounts, separately managed accounts.

Independence

- So I don’t have any conflicts, does that mean I can call myself independent?
- Let’s work through this:

Section 923A – *Corporations Act 2001*

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