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 THE ONLY FORUM DESIGNED EXCLUSIVELY FOR UNIT PRICING PROFESSIONALS

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Annual UP 2017

UNIT PRICING 2017 FORUM

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14th - 16th August 2017, Bayview Eden Melbourne



Best Practices to Achieve Unit Pricing
 Operational Process Optimisation, Improving Efficiency & Reducing Risks

Hear from industry experts on these key topics below:

- The Guide to Good Practice - is it time for an update? If not why not- APRA' view
- ASIC view about their new guidance note on remediation for advice, and whether that will have implications to other remediation projects.
- How does Block chain impact unit pricing
- Business Operational Challenges and Impact on Unit Pricing
- Fraud Risk: Impact on Unit Pricing
- Are we over engineering tax provisioning? Is there a simple solution?
- Is daily unit pricing really in super fund members' best interests? What are the pros and cons of moving to weekly or monthly?
- Unit pricing - insourced or outsourced. Where is the industry heading? What are the pros and cons?
- Unit pricing policies - when is enough enough? - Do we really need all these policies and governance?
- Unit Pricing checks and controls - how many do we really need? What are the "must haves" and the "nice to haves"?
- Why Unit Price movements don't reconcile to performance attribution numbers
- Should we report both gross and net unit price performance?



EARLY CONFIRMED SPEAKERS INCLUDE:



Craig Roodt,
 Head of investment Risk,
 APRA



Stuart Hill
 Head of Investment Operations,
 Local Government Super



Stephen Huppert
 Head of product Innovation,
 Trustee Partners



Kyle Ringrose
 Principal Athena IOC Pty Ltd



Raewyn Williams
 Managing Director
 Research, Parametric



Paul Toepfer
 Chief Operating Officer,
 State Street Australia
 Limited



Ingo Brettschneider
 Senior Associate, Unit Pricing -
 Asset Servicing, National
 Australia Bank Limited



Sean McGing
 Director, McGing
 Advisory & Actuarial



Dana Fleming
 Australian Funds Sector
 Leader-Tax at KPMG



Naresh Subramaniam
 Director Financial Services,
 Cogility



Ricky Notorangelo
 Head of Policy Services,
 Asset Servicing, NAB



Ian Coltman
 Principal at
 Coltmans Legal



Séamus Ó Concheanainn
 Managing Director
 at CXi Software



Martin Walsh
 Professional Independent
 Director and Consultant



Hayley Zhu
 Business Development
 Manager Milestone Group
 Australia



James Oliver,
 Partner, Financial Services
 Advisory, Deloitte Touche
 Tohmatsu

**ONLY 20 SEATS
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**DAY-3 POST-CONFERENCE
 WORKSHOP 16th August**

**UNIT PRICING RISK MANAGEMENT
 AND COMPLIANCE FRAMEWORK**

Workshop Leader: **Kyle Ringrose**
 Principal, Athena IOC Pty Ltd

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Researched & Developed by:





Day 1 - 14th August, 2017



8:20 Delegate Registration & Coffee

8:55 Opening remarks from Chair

Kyle Ringrose, Principal Athena IOC Pty Ltd

9:00 THE GUIDE TO GOOD PRACTICE – REFLECTIONS ON EXPERIENCES SINCE 2008

- Is the Guide still the benchmark for good practice
- Positive and not so positive feedback
- Adoption overseas
- Key learnings from the regulator’s perspective
- Do we need an updated Guide
- Plans for a new addition



Craig Roodt, Head of Investment Risk, APRA

PANEL DISCUSSION

9:40 ARE WE GROWING COMPLACENT?

- The spate of unit pricing errors a few years ago has subsided – are we going to take our eye off the ball?
- What is the risk of unit pricing becoming the forgotten critical risk it was in the early 2000s?
- What steps do we need to take to address this risk?
- Is there any evidence to suggest the risk may reemerge?

PANEL CHAIR:

Kyle Ringrose, Principal Athena IOC Pty Ltd

PANEL MEMBERS:

Craig Roodt, Head of investment Risk, APRA

Ricky Notorangelo, Head of Policy Services, Asset Servicing, NAB

James Oliver, Partner, Financial Services Advisory, Deloitte Touche Tohmatsu

Paul Toepfer, Chief Operating Officer, State Street Australia Limited



10:10 HOW TO ATTRACT AND RETAIN HIGH QUALITY UNIT PRICING ANALYSTS

- The key criteria for evaluating applicants
- What to look for in the interview
- How to assess relevant past experience
- How to promote the critical importance of the unit pricing role
- What research tells us the most successful managers are doing

Kyle Ringrose, Athena IOC, Principal



10:50 Morning Coffee

11:20 THE BIG DEBATE - INSOURCING OR OUTSOURCING UNIT PRICING – THE PROS AND CONS

- What are the increased risks with insourcing?
- Are custodian fees competitive with the insourced model?
- Is insourcing more flexible?
- Does the unit pricing system have to be integral with the accounting data?
- Is insourcing a genuine option for smaller funds
- Is the solution the same regardless of size and complexity?

PANEL CHAIR:

Kyle Ringrose, Athena IOC, Principal

PANEL MEMBERS:

Ricky Notorangelo, Head of Policy Services, Asset Servicing, NAB

Hayley Zhu, Business Development Manager Milestone Group Australia

Other panel members to be announced



12:00 HOW DOES BLOCK CHAIN & ROBOTICS IMPACT UNIT PRICING



Paul Toepfer, Chief Operating Officer, State Street Australia Limited

12:30 Networking Lunch

1:30 TAX PROVISIONS – ARE WE MAKING IT TOO HARD

- Why we will never get it right
- If we can never get it right why do we keep putting so much effort into it?
- Is accuracy really only spurious accuracy?
- Is there actually a simple solution that we never even thought of?

Stuart Hill, Head of Investment Operations, Local Government Super



2:10 TAX DEFERRAL – DOES IT ALL COME OUT IN THE WASH?

- Which parts of an investment strategy can provide permanent tax benefits, and which can provide timing benefits?
- How much should we care about the difference between the two?
- Don't be fooled: how tax timing benefits can provide permanent benefits to super fund members
- The numbers don't lie: modelling permanent versus timing tax benefits.

Raewyn Williams, Managing Director – Research, Parametric



PANEL DISCUSSION

2:40 TAX PROVISIONING – WHO ARE THE WINNERS AND LOSERS

- Are we paying too much trying to achieve the holy grail?
- What's in it for the unit holders?
- Who are the real winners from all the complexity?
- What are the risks of adopting a simple model?
- How could this be presented to the Board?

PANEL CHAIR:

Kyle Ringrose, Principal, Athena IOC

PANEL MEMBERS:

Stuart Hill, Head of Investment Operations, Local Government Super

Raewyn Williams, Managing Director – Research, Parametric

Dana Fleming, Australian Funds Sector Leader-Tax at KPMG



3:20 Afternoon Tea

3:50 FUND MANAGER/ASSET OWNER/SUPERFUND UNIT PRICING DUE DILIGENCE

- Depth and frequency of due diligence
- The questions to ask
- The reports to review
- The people to speak to
- Daily checks to perform over the custodian's unit prices

Naresh Subramaniam, Director Financial Services, Cogility



ROUND TABLE DISCUSSION

4:20 THE IMPACT OF THE CAP ON PENSION ASSETS OF \$1.6 MILLION. WHAT ISSUES HAVE THE UNIT PRICING TEAM SEEN EMERGING

- What was the impact on your fund?
- How were the problems addressed?
- Are there still teething problems arising?
- What issues do we see on the horizon?
- What will happen if the cap is imposed on accumulation assets also?

MODERATOR:

Kyle Ringrose, Principal Athena IOC Pty Ltd



5:00 Closing Remarks from the Chair

5:00 - 6:00 Networking Drinks





Day 2 - 15th August, 2017

8:20 Delegate Registration & Coffee

8:55 Opening remarks from Chair

Kyle Ringrose, *Principal Athena IOC Pty Ltd*

9:00 UNIT PRICING IN 2025

- The impacts of automation and real-time data
- Converging cloud, blockchain and the New Payments Platform
- Intraday and real-time unit pricing
- Fully integrated investor transacting
- Risks in real-time pricing and investor transactions

Séamus Ó Concheanainn, *Managing Director, CXi Software*

PANEL DISCUSSION

9:40 THE NEED FOR DAILY PRICING

- Why do we have daily unit pricing?
- Would unit holders be better off without daily pricing?
- What are the pros and cons of daily versus weekly or monthly pricing?
- What are the obstacles to moving away from daily pricing?

PANEL CHAIR:

Kyle Ringrose, *Principal, Athena IOC*

PANEL MEMBERS:

Stephen Huppert, *Head of product innovation, Trustee Partners*

Séamus Ó Concheanainn, *Managing Director, CXi Software*

Ingo Brettschneider, *Senior Associate, Unit Pricing - Asset Servicing, National, Australia Bank Limited*

Sean McGing, *Director, McGing Advisory & Actuarial*

10:20 HOW TO AVOID AN ENFORCEABLE UNDERTAKING

- What is the impact of an enforceable undertaking on the organisation
- Examples of enforceable undertakings
- Steps to follow in the event of a unit pricing error
- How to plan to avoid an error or enforceable undertaking

Stephen Huppert, *Head of product Innovation, Trustee Partners*

11:00 Morning Coffee

11:30 THE PROFILE OF UNIT PRICING WITHIN AN ENTITY

- Are the risks genuinely understood?
- Is an enterprise-wide risk register really appropriate for the unit pricing team?
- How to raise awareness of the risks and complexities of unit pricing
- Why policies should be approved by the Board and understood by the Executive team

Sean McGing, *Director, McGing Advisory & Actuarial*

INTERACTIVE PANEL DISCUSSION

12:00 THE CRITICAL ROLE OF THE UNIT PRICING SERVICES OF THE ADMINISTRATOR/CUSTODIAN

- Essential criteria for evaluating service providers
- The boutique player's perspective
- Controls to implement in a cost-effective manner
- The extent to which it is appropriate to rely on the service provider's controls

MODERATOR

Martin Walsh, *Professional Independent Director and Consultant*

PANEL MEMBERS:

Kyle Ringrose, *Principal Athena IOC Pty Ltd*

Sean McGing, *Director, McGing Advisory & Actuarial*

12:40 Networking Lunch

1:40 THE JOURNEY TOWARDS BACKUP NAV



Hayley Zhu, *Business Development Manager Milestone Group Australia*

2:10 CUSTODIAN CHECKS AND CONTROLS

- What are the minimum levels of control?
- What additional controls are available but not always used
- To what extent does the client dictate the level of controls
- To what extent does automation reduce the cost of controls



Ingo Brettschneider, *Senior Associate, Unit Pricing - Asset Servicing, National, Australia Bank Limited*

2:50 Afternoon Tea

3:20 DUTIES OF FUND TRUSTEES

- Trustees, responsible entities and AFS licensees
- Where do the duties come from
- Duties relevant to unit pricing
- What the legislation says
- What the courts say



Ian Coltman, *Principal at Coltmans Legal*

ROUND TABLE DISCUSSION

3:50 HOW TO MAKE SURE YOU HAVE A ROBUST UNIT PRICING PROCESS & SYSTEM.

- Effective Testing of Unit Pricing Process
- Principles of testing controls
- Compliance considerations
- Pre-release testing - benchmarking, attribution analysis
- Post-release price assessment – are you getting it right?



MODERATOR:

Kyle Ringrose, *Principal Athena IOC Pty Ltd*

4:20 Closing Remarks from the Chair

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Unit Pricing Forum 2017 offers sponsors an excellent opportunity to demonstrate thought-leadership and leverage networking opportunities to build brand-value amongst senior unit pricing professionals. If you would like to know more about sponsorship, exhibition and business development opportunities please just get in touch with us - sponsorship@ibrc.com.au

Who Should Attend?

- Unit Pricing Manager
- Fund Accounting Manager
- Trust Accounting Manager
- Unit Pricing Analyst
- Taxation Accountant
- Actuary
- General Manager Fund Operations & Risk
- Investment Risk Managers
- Head of Investment Management
- Head of Fund Administration
- General Manager Legal & Compliance
- Investment Services Manager
- Manager Investment Operations
- Unit Pricing & Performance Manager
- Unit Trust Supervisor...& also who work with unit pricing in all capacities should attend this event



Don't Miss!

(Only 20 seats available)

DAY-3 POST - CONFERENCE WORKSHOP 16th August

UNIT PRICING RISK MANAGEMENT AND COMPLIANCE FRAMEWORK

This workshop would be beneficial for training and development of all unit pricing staff. In addition it will promote awareness of the risks and potential complexities of unit pricing for staff at all levels in other areas of the organisation, particularly for staff within Risk and Compliance functions.

- The evolution of unit pricing governance
- The Guide to Good Practice when to comply and when to challenge
- Key risks including arbitrage and tax provisioning
- Building a good practice unit pricing governance framework including principles, policies, controls, monitoring and reporting
- Impact of recent and potential future legislative changes and industry innovations

WORKSHOP LEADER:



Athena IOC

KYLE RINGROSE

Principal Athena IOC Pty Ltd

After 50 years in Financial Services Kyle has recently retired from the role of Head of Investment Operations at QSuper. Kyle joined QSuper in 2010 to form the inaugural Investment Operations team to support the insourcing of the investment management function. In addition to authoring QSuper's Unit Pricing policies and implementing their unit pricing control framework he has introduced QSuper's securities lending program and has been instrumental in the development of a number of industry leading strategies including Lifetime Accumulation, tax segregation of assets and development of fund wide post-tax performance measurement methodologies. Kyle has previously provided consulting services to a number of major industry players and continues to do so during retirement. He has authored numerous articles in industry publications and continues to present frequently on a range of topics at conferences both in Australia and overseas.



UNIT PRICING WORKSHOP - UNIT PRICING RISK MANAGEMENT AND COMPLIANCE FRAMEWORK

This one day workshop focusses on building a risk management and compliance framework for the Unit Pricing function. The content leverages off the presenter's extensive experience in building unit pricing risk management frameworks within a number of Australia's largest fund managers and superannuation funds.

Actual risk management frameworks developed by the presenter have been subject to review by independent internal and external auditors and regulators and have been consistently signed off with no findings or no material findings. This workshop will provide an opportunity for participants to gain insights that can be taken away and implemented within their own organisations. All presentation material will be available for participants.

The workshop provides real life examples of many kinds of risks including arbitrage, tax provisioning errors and other common sources of unit pricing errors. The workshop also illustrates the importance of the understanding of controls approved by the Board and implemented both by an outsourced service provider and within the asset owner's own unit pricing team.

In addition to practical examples of developing policies, building controls including check lists, detailed risk registers and monitoring and reporting, the workshop will provide a high level understanding of the complexities of unit pricing that can often be lost in the detail of day to day operational processing.

Examples of high level insights include the development of the APRA ASIC Guide to Good Practice and why it may not always be in unit holders' best interests to ensure absolute consistency with the Guide. Further insights are demonstrated into the implications of proposals to tax income on pension assets, changes to the Transition to Retirement Pension and also into the recent initiatives to provide members with a transition to pension "bonus".

The workshop is designed to be interactive to ensure participants are constantly involved and engaged throughout. Importantly the workshop will be beneficial not only to members of the unit pricing team but perhaps more importantly to many other parts of the organisation whose staff would benefit from a greater understanding of the complexities of what is widely considered to be the biggest single source of operational risk. Other areas could include members of the risk and compliance, finance, marketing and product development teams extending to senior management and Board members.

Examples of feedback from participants to prior presentations are shown below.

"Kyle is an excellent speaker ... interactive and personable. I expected the subject matter to be dry .. however the workshop was very interesting"

"SME knowledge great! Practical application of the knowledge very good"

"Very interesting content – sound coverage of all aspects of unit pricing"

"Very practical and informative discussion"

"I will recommend it to anyone involved in unit pricing"

AGENDA

UNIT PRICING RISK MANAGEMENT AND COMPLIANCE FRAMEWORK

Indicative Time

Evolution of unit pricing risks – horror stories from the past and how things have evolved

9.00-9.45

- Moving from monthly to daily pricing
- Historical risks and errors – a selection of classic examples and how to avoid repeating
- The introduction of the Guide to Good Practice

The APRA ASIC Guide to Good Practice – its role in risk management, how good a benchmark is it, some strengths and weaknesses

9-45-10.15

- Summary
- Benchmark for auditors and regulators
- Divergence from the Guide to Good Practice

Arbitrage risks to be aware of, including real life examples

10.15-10.45

Morning tea

10.45-11.00

Tax provisioning (arguably the biggest risk and the source of a number of high profile unit pricing errors)

11.00-11.45

- Why it's so difficult to provision with accuracy
- Actions that can be taken to mitigate the risk of inaccurate tax provisions
- The dreaded "true up" of tax provisions and how to mitigate the risk of significant price movements

Unit pricing Principles – the first fundamental building block for unit pricing risk governance

11.45-12.00

- Equity between members
- Consistency of policy design and implementation
- Simplicity rather than complexity
- Practicality of policy implementation
- Affordability
- Transparency of policies
- Accountability for approving policies
- Accountability for implementing policies

Unit Pricing Policies - insights into the development of the second building block for unit pricing risk governance, including

12.00-12.45

- Significant Cash flows
- Backdating
- Significant market movement
- Performance fee accruals
- Managing unit pricing errors

Lunch

12.45-1.30

Unit Pricing controls, the third building block, including

1.30-2.00

- Units on issue
- Tax provisions and reconciliations
- Arbitrage monitoring
- Custodian versus fund controls

Unit Pricing monitoring – the fourth building block

2.00-3.00

- Due diligence checklists
- Risk registers

Unit Pricing reporting – the fifth and final building block

3.00-3.30

- Senior management reporting

Afternoon tea

3.30-3.45

The politicians' proposal for tax on pension income. The risks and complexities facing superannuation funds if obliged to comply and the impact of proposals for transition to retirement pensions

3.45-4.00

Tax benefits on transition to pension phase – the risks of losing members to SMSFs

4.00-4.45

- How they occur
- Potential simple and complex solutions to enable implementation
- The potential impact on unit pricing

UNIT PRICING 2017 FORUM

14th-16th August 2017, Bayview Eden Melbourne



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