



Financial Adviser Standards and Ethics Authority

Corporate Plan

1 July 2018 – 30 June 2022

1. Introduction

This corporate plan has been prepared in accordance with the Public Governance, Performance and Accountability Rule 2014 for the reporting period 01 July 2018 – 30 June 2019 through to the reporting period 01 July 2021 – 30 June 2022.

2. Purposes

Financial Adviser Standards and Ethics Authority Ltd (FASEA) is a Commonwealth entity that was established in April 2017 to set standards for the ethical conduct, educational qualifications and ongoing training of licensed financial advisers in Australia. FASEA's powers and responsibilities are set out under the *Corporations Act 2001 (Cth)* (the Act).

Under the Act, FASEA is responsible for:

- setting a Code of Ethics that all advisers must comply with in providing advice to consumers about financial products or services;
- approving university bachelor or higher level degrees or equivalent qualifications to ensure all advisers meet minimum knowledge and training requirements set by FASEA to advise consumers on financial products and services;
- approving foreign qualifications to ensure advisers qualified or who trained overseas and who provide advice to consumers in Australia meet FASEA standards;
- approving an exam to ensure advisers meet subject matter knowledge requirements set by FASEA;
- selecting an appropriate common term for provisional relevant providers who are undertaking at least one year of work and training;
- setting standards for the future education and training (continuous professional development (CPD)) requirements that advisers must complete each year, so their knowledge remains current and they can retain their authorisation to advise consumers about financial products and services; and
- determining the requirements for the professional year



3. Environment

The Financial Planning and Investment Advice Industry is subject to a period of intense scrutiny, increased expectations and change heightened by the findings from the Hayne Royal Commission and losses suffered by consumers produced in some cases from poor advice by certain industry participants.

Regulatory reforms including the Corporations Amendment (Future of Financial Advice) Act 2013 and the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 have been introduced to improve the nature of financial advice given and address the conflicting motivations of advisers in giving such advice, restructure the industry and enhance investor confidence through the greater transparency and improved professionalism and ethical standards.

4. Performance

4.1. FASEA's achievements 2017-18

Consistent with FASEA's 2017-18 business plan, our principal activities in delivering our purposes for the period involved:

- Establishment; locating and setting up an office for its activities; recruitment of executive staff, contractors and consultants; entering into service agreements and other arrangements to support its office and administration; establishing Board processes, policies and practices; establishing Board sub-committees; establishing a FASEA website, content, and logo;
- Code and standards development; establishing a Board sub-committee with specific focus on this area; preparing draft content, parameters, and associated discussion Code and standards material; consulting on these materials publicly and among key stakeholders and regulators; running workshops; engaging with industry (including peer organisations) and consumers (including consumer advocacy groups) via submissions and correspondence; liaising with offshore regulators about applicable codes and standards; issuing media releases and publishing material on FASEA's website;
- Consultations as required with the Minister as the Member of FASEA; and
- Financial and Administration; working with the ANAO; establishing financial record systems, policies and procedures, internal controls and delegations; establishing bank accounts and signatories; testing the adequacy of financial systems and controls; preparing a business plan, budget and forecast).

4.2. Published standards and Standards Development Program

During 2017 - 2018 FASEA published a series of draft standards with accompanying consultation papers explaining them, and inviting public submissions including:

1. Draft Guidance on Code of Ethics
2. Draft Guidance on Education Pathways for all Advisers
3. Draft Guidance on the Financial Adviser Examination
4. Draft Guidance on the Professional Year
5. Draft Guidance on the Provisional Relevant Provider Term
6. Draft Guidance on Continuing Professional Development
7. Draft Guidance on Foreign Qualification

Copies of these documents are available from FASEA's website.



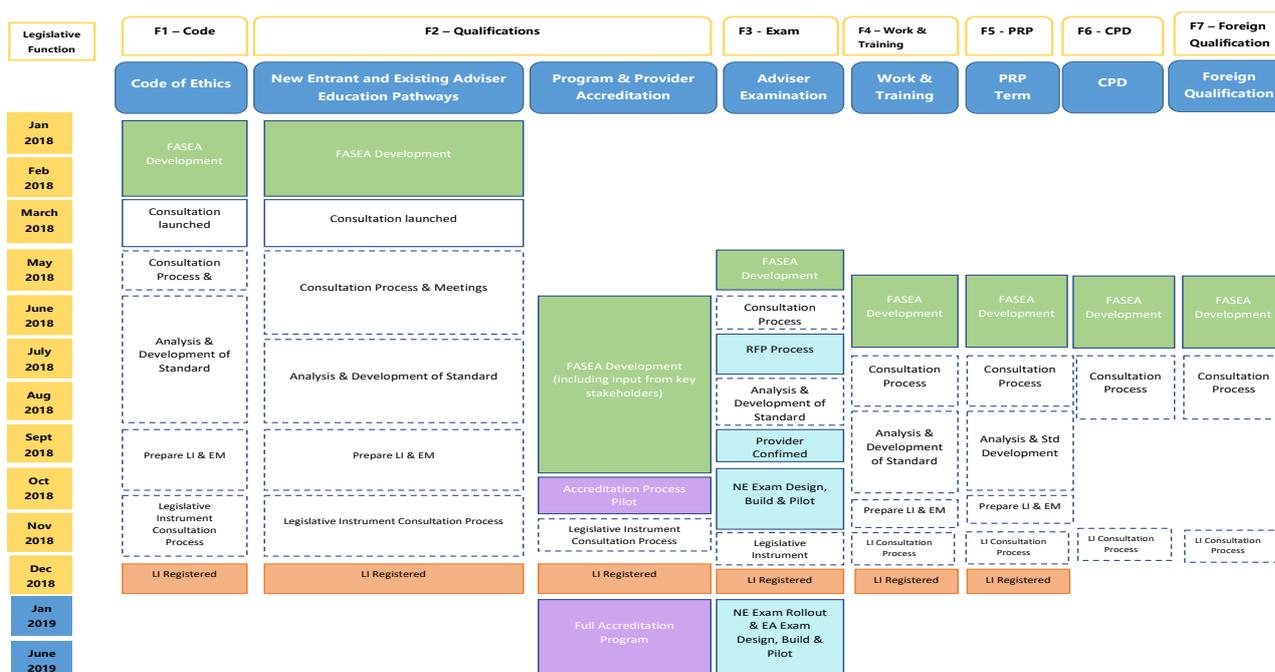
5. Capabilities

5.1. FASEA's long-term objectives and strategies in 2019 – 2022 are to:

- Finalise the Code of Ethics and determine the standards in relation to education, equivalent qualifications locally and overseas, an exam, and ongoing professional training and professional year
- Provide guidance to new entrants and existing advisers about the pathways to achieving the required qualifications, training and experience to meet FASEA standards, including what meets the equivalence test, whether any additional bridging course is required and what name they can use to describe themselves while qualifying as advisers
- Accredite educational programs and courses that will meet FASEA's standards;
- Approve an exam to ensure advisers meet knowledge requirements and assessment under FASEA's standards;
- Prepare and consult with key stakeholders in roundtables or other targeted consultation about drafts of legislative instruments embodying the Code and standards to refine these as appropriate; and
- Finalise legislative instruments embodying the Code and standards for parliamentary consideration.

5.2. FASEA standards development program to June 2019

The diagram below sets out the purpose and timelines of FASEA for each standard over the period.



6. Risk and Oversight

FASEA is a public company limited by guarantee. It was incorporated in the Australian Capital Territory in 2017. The sole member is the Commonwealth of Australia, represented by the Assistant Treasurer.

FASEA is overseen by a Board of Directors which was appointed by the Minister for Revenue and Financial Services in 2017. The Board is responsible to the Minister for the governance of FASEA. Its directors do not have any executive roles and are not responsible for the day to day operation and function of FASEA.

In accordance with the FASEA Constitution, the Board submits a Business Plan, Budget and Annual Report to the Minister each financial year.

There are two Board sub-committees. The responsibilities of each is set out below.

Audit and Risk Committee (ARMC)

This Committee has the following responsibilities:

- providing independent assurance in relation to FASEA's financial reporting, risk oversight and management, systems of internal control, compliance with relevant laws and policies and compliance with the PGPA Act performance reporting framework;
- providing advice and making recommendations to the Board in respect of these matters;
- reporting financial and regulatory information;
- the internal control system;
- the risk management system;
- monitoring of outsourced providers;
- monitoring compliance with applicable laws, regulations, standards and best practice guidelines.

Standards and Code of Ethics Development Committee (SaCDOC)

This Committee has the following responsibilities:

- reviewing the required Standards (and related documents);
- providing overall direction for the project, including setting and agreeing to objectives, approaches and outcomes;
- reviewing the existing Standards (and related documents);
- preparing and designing consultation processes including outcomes of consultations on particular standards;
- providing assistance and advice to the relevant executives;
- identifying issues and risks that impact the project and communicating these to the FASEA staff and the Board;
- communicating critical decisions, documents and deliverables from the project to the FASEA staff and the Board; and
- Working towards resolving issues and where these cannot be resolved, recommending possible solution(s) to the Board.

Risk Management

FASEA maintains a Risk Management framework appropriate to its size and complexity of operations.



External Audit

The financial statements of FASEA are audited annually in accordance with FASEA's Constitution and the Corporations Act. The Australian National Audit Office (ANAO) is the external auditor for FASEA. Representatives of the external auditor are invited to attend meetings of the ARMC.