

# FPS004

## Continuing Professional Development Policy

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# Continuing Professional Development

## Reasons for a standard on continuing professional development

The *Corporations Act 2017* (the Act) requires that all individuals identified as a 'relevant provider' are required to meet the requirements for continuing professional development set by the Standards Body (s 921B(5)).

The Act requires the Standards Body to set requirements for continuing professional development in relation to each CPD year of a financial services licensee (s 921U(2)(iv)).

Additionally, it is an obligation under the FASEA Code of Ethics that:

Standard 10: *You must develop, maintain and apply a high level of relevant knowledge and skills.*

## Provisional Relevant Provider

The Act does not require a provisional relevant provider to meet the continuing professional development standard (s 921D(2)(a)).

The provisional relevant providers will be engaged in training and education requirements as part of achieving relevant provider status.

## Structure of this Policy

The CPD Policy is made up of two components:

1. Responsibilities for CPD
2. CPD requirements

FASEA may in the future provide indicative templates and resources purely as guidance.

## Summary statement

FASEA defines CPD as the range of learning activities which professionals maintain and develop throughout their career intended to ensure that they retain their capacity to practice professionally.

CPD is considered to be a career learning process and is not restricted by subject or time. It is an integral part of the professional framework, intended to both maintain currency of technical knowledge and assist relevant providers remain professional; it is also a way of growing new knowledge and expanding abilities as professionals.

It is expected that individuals will collect and maintain evidence of their continuing professional development activity and provide records of that evidence each year to the financial services licensee as part of their CPD year obligations under s922HC. The CPD Activity Report is intended to provide a guide for the capture of this evidence.

## Part A – Responsibilities for Continuing Professional Development

### Individuals (Relevant Providers)

An individual relevant provider must undertake sufficient continuing professional training to maintain competence at a level appropriate for the professional services (including financial product advice) that the relevant provider provides, or intends to provide, and keep up to date with developments relevant to their practice.

In achieving this Standard, the relevant provider:

1. Must develop and maintain a Continuing Professional Development (CPD) Plan on a continuing basis, that identifies areas for improvement in competence, knowledge and skills and the professional development proposals for making those improvements;
2. Must complete at least 40 hours of CPD activity in each CPD Year, however, in special circumstances if the relevant provider is working part-time for the whole of the CPD year, with the prior written consent of the licensee, they must complete at least 36 hours of CPD activity in each CPD Year: in both cases, 70% must be approved by their licensee;
3. Must maintain a continuous, up-to-date and accurate record of their CPD activities, including evidence of completion of any CPD activity that is intended to be relied on to meet this Standard and keep records for 7 years from the end of each CPD year; noting that FASEA encourages a digital solution that can track CPD activities, evidence and outcomes, while providing portability and accountability; and
4. Must provide those records to the licensee in order for the licensee to meet its compliance with the CPD Year requirements.

Where relevant providers take a career break, the following standard will apply to the relevant provider. They:

- must meet the existing adviser education qualification requirements;
- are able to return without additional requirements if leave period is less than 2 years; and
- for leave periods of 2 years or more they must undertake appropriate CPD to ensure they upskill with the latest regulatory and licensee requirements.

### Financial Service Licensees

A responsible Financial Services Licensee is required to support its authorised representatives, employees and relevant providers in their undertaking of CPD to maintain competence at a level appropriate for the professional services (including financial product advice) that the relevant provider provides.

A responsible licensee will be required to ensure they are satisfied that their relevant provider's knowledge and skills are up to date.

A responsible licensee is required to set the requirements for those returning after a 2 year or more career break to ensure they will upskill with the latest regulatory and licensee requirements as soon as practicable once they return.

In authorising relevant providers who have recently completed their Professional Year, given the extent of training undertaken during the Professional Year, the licensee may choose to pro-rata the CPD hours for the period between completion of the Professional Year and the end of the licensee's CPD year.

A Licensee may choose to recognise the CPD undertaken with a previous licensee when authorising an existing relevant provider.

A responsible licensee must maintain and publish a CPD policy that the relevant providers authorised by the licensee adhere to including:

- Overall approach to CPD;
- Process for approving CPD activities and the mechanism for allocating hours to these;
- Approach to any CPD plans created for Relevant Providers;
- Process for ensuring CPD activities are provided by persons and/or entities that are appropriate (with accredited standing, expertise and academic qualifications and practical expertise as appropriate);
- Approach for those affected by extenuating circumstances such as medical, disability or parental leave;
- Approach for existing relevant providers moving licensees
- Approach for relevant providers who have recently completed their Professional Year
- Approach for relevant providers working part-time;
- Approach to evidencing outcomes of CPD;

- Approach to record keeping; and
- Approach to auditing compliance with the policy.

## Part B – CPD Requirements

### Hour system of CPD calculation

The hour system of CPD calculation encourages a wide variety of education activities within the required competencies and professionalism.

### CPD categories

The competencies expected to be demonstrated for ongoing professional practice are:

- Technical competence: acting as a technically proficient professional
- Client care and practice: acting as a client centric practitioner
- Regulatory compliance and consumer protection: acting as a legally compliant practitioner
- Professionalism and Ethics: acting as an ethical professional

These competencies broadly align with the graduate outcomes expected of qualifying practitioners and the work and training standard. These requirements are provided as a framework given they are sufficiently broad to cover the full range of developing an expert practice in financial advice.

As well as high level competencies such as demonstrating capabilities in critical thinking, critical self-reflection and ensuring professional behaviours, vital skills are required to be developed. The table below addresses these skills by reference to CPD categories with minimum hours per year for each category. The balance up to 40 hours must consist of qualifying CPD from these categories or other selected by the Adviser or Licensee.

CPD Category		Minimum CPD Hours Per Year
1	Technical Competence	5
2	Client Care and Practice	5
3	Regulatory Compliance and Consumer Protection	5
4	Professionalism and Ethics	9

### CPD planning

To support outcomes and the appropriateness of CPD activities undertaken, a relevant provider and their licensee must develop and maintain a Continuing Professional Development Plan. Allocation of activities to proposed other qualifying CPD, may address the relevant needs for the Licensee and/or the relevant provider, such as specialty areas or additional technical requirements.

### Types of CPD

The following types of learning are options that may be considered by a relevant provider and licensee in terms of the CPD that the relevant provider undertakes:

1. Formal relevant education (provided by an Education Provider) may contribute to the CPD requirement including degree equivalent study to meet legislative requirements (such as bridging courses and approved degree studies) and any formal study towards other qualifications and designations relevant to the practice of the Relevant Provider, to a maximum of 30 CPD hours per year.
2. Non-formal education including:

- a. Education for the purposes of achieving a relevant professional designation (e.g. CFP, FChFP, etc)
  - b. Education for the purposes of meeting requirements in specific financial advice provisions (e.g. Stockbroking, SMSF, Aged Care, etc.)
  - c. Education for the purposes of accreditation in specific forms of financial products relevant to licensing arrangements (e.g. Credit)
3. Other CPD as approved by the Licensee:
- a. Sessions/Workshops such as conferences, PD days, update sessions, which are relevant to financial advice – approved CPD
  - b. Professional or Technical Reading to a maximum of 4 hours – approved CPD

Education that is measurable, appropriately assessed and leads to further qualification outcomes for participants is preferred as it more likely provides structured and independent results for the participants work and training needs.

## CPD approval

FASEA proposes a Licensee self-assessment approach to CPD accreditation, underpinned by a published Licensee policy.

FASEA does not propose that it will accredit/approve CPD activities or providers for CPD. However, it will provide a principles guide to enable consistency within the industry in the Licensee self-assessment approach. In assessing CPD, licensees are required to consider the following:

1. The level of expertise of the CPD provider
2. Expertise of facilitators and/or those delivering the CPD
3. The level of learning undertaken
4. The stated learning outcomes for the CPD activity
5. Volume of time in undertaking the CPD activity
6. The approach for verification of learning outcomes achieved

FASEA expects as a mandatory requirement that 70% of CPD is approved by licensees in accordance with the licensee's CPD Policy and based on FASEA guidelines.

## Transition

FASEA acknowledges the tight timeframes and that the CPD year for Licensees commences at different times through the 2019 transition year, therefore the following requirements have been set for the 2019 transition year:

1. Licensee CPD Policy – all Licensees have until 31 March 2019 to publish their policy irrespective of the commencement of their CPD year
2. CPD Plans – all Licensees have until 31 March to approve CPD Plans for each of their relevant providers irrespective of the commencement of their CPD year
3. CPD Hours – where licensee's first CPD year starts after 1 January 2019, the licensee will pro-rata the hours (including minimum number of qualifying activity) for the period from 1 January 2019 to the commencement of their CPD year. These hours are then added to the licensee first full CPD year. For example, if the CPD year commenced 1 July 2019, the requirement will be 60 hours which will be required to be completed no later than 30 June 2020.



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