

FPS004

Continuing Professional Development Policy

November 2018



Disclaimer and copyright.

While FASEA endeavours to ensure the quality of this publication, it does not accept any responsibility for the accuracy, completeness or currency of the material included in this publication and will not be liable for any loss or damage arising out of any use of, or reliance on, this publication.

© Financial Adviser Standards and Ethics Authority (FASEA)

This work is licensed under the Creative Commons Attribution 3.0 Australia Licence (CCBY 3.0).



This licence allows you to copy, distribute and adapt this work, provided you attribute the work and do not suggest that FASEA endorses you or your work. To view a full copy of the terms of this licence, visit www.creativecommons.org/licenses/by/3.0/au/

Contents

Continuing Professional Development	4
Reasons for a standard on continuing professional development.....	4
Provisional Relevant Provider	4
Structure of this Policy.....	4
Summary statement	4
Part A – Responsibilities for Continuing Professional Development	5
Individuals (Relevant Providers)	5
Financial Service Licensees	5
Part B – CPD Requirements	6
Hour system of CPD calculation	6
CPD Categories.....	6
CPD Planning.....	6
Types of CPD	6
CPD Approval	7
CPD Evidence	7
Part C – Proposed Templates	7
CPD Activity Report.....	7

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.*

The Continuing Professional Development Policy is a document that explains the collective rules and requirements of FASEA in relation to ensuring relevant providers maintain 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)).

FASEA recognises that this is because provisional relevant providers will be actively engaged in training and education requirements as part of achieving relevant provider status.

Structure of this Policy

The CPD Policy is made up of three components:

1. Responsibilities for CPD
2. CPD requirements for participants
3. Proposed templates as guidance only

Summary statement

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

In this regard, CPD is considered to be a career learning process and is not restricted by subject (specific topics) or time. CPD is an integral part of the professional framework. Not only is it a way of maintaining currency of technical knowledge and ensuring relevant providers remain professional; it is also a way of growing new knowledge and expanding abilities as professionals.

The summary expectation of the policy is that all relevant providers will participate in development programs and activities that are intended to ensure they maintain their professional capabilities and that they keep up to date with all regulatory, technical and other developments relevant to professional practice.

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.

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, 70% of which 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.

Financial Service Licensees

A responsible Financial Services Licensee is required to support its authorised representatives, employees and relevant providers in their undertaking of continuing professional training 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 for those affected by extenuating circumstances such as medical, disability or parental leave.

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 continuing professional development 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);
- Approach for those affected by extenuating circumstances such as medical, disability or parental leave;
- 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

An hour system of CPD calculation has been adopted by FASEA to encourage 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 for provisional relevant providers. 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.

In addition to the high level competencies such as demonstrating capabilities in critical thinking, critical self-reflection and ensuring professional behaviours are vital skills. They result in the following list of 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, see below.

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 25 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:
 - 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.

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.

CPD Evidence

Evidence is required to be maintained by the relevant provider and/or Licensee for approved CPD. The appropriate evidence is to be determined at the time of accreditation of CPD and should include documentation of activities undertaken, evidence of completion and outcomes obtained.

FASEA encourages a digital solution that can track CPD activities, evidence and outcomes while providing portability and accountability.

Part C – Proposed Templates

After the final standard has been released, FASEA may provide as a guide only, resources and templates to support the CPD policy.

CPD Activity Report

The CPD Activity Report is intended to provide a guide for the capture of evidence of CPD completed on an annual basis.



**Financial Adviser Standards
and Ethics Authority (FASEA)**

PO Box A255
Sydney South NSW 1235

E consultation@fasea.gov.au

www.fasea.gov.au