

EXPOSURE DRAFT



Financial Planners and Advisers Code of Ethics 2018

Financial Adviser Standards and Ethics Authority Ltd, the standards body for Part 7.6 of the *Corporations Act 2001*, makes the following code of ethics.

Dated 2018

The common seal of Financial
Adviser Standards and Ethics
Authority Ltd, affixed by authority
of its directors in the presence of:)
)
)
)

.....
Signature of director

.....
Signature of director

.....
Name of director (block letters)

.....
Name of director (block letters)

DRAFT ONLY—NOT FOR SIGNATURE

EXPOSURE DRAFT

1 Name

This is the *Financial Planners and Advisers Code of Ethics 2018*.

All relevant providers (including provisional providers) (**you**) must comply with the Code under section 921E of the *Corporations Act 2001*.

2 Commencement

This Code commences at the end of 30 days after it is registered.

3 Authority

This Code is made under paragraph 921U(2)(b) of the *Corporations Act 2001*.

4 Interpretation

Note: The *Corporations Act 2001* defines **financial product**, **financial services licensee**, **monitoring body**, **personal advice**, **relevant provider**, **provisional relevant provider** and **retail client**.

(1) In this Code:

benefits includes both monetary and non-monetary benefits, but not any fixed component of remuneration.

Note: Variable components of remuneration (for example, performance bonuses) are benefits under this definition.

client, in relation to a relevant provider, includes a retail client of the principal of the relevant provider.

principal: the principal of a relevant provider is the financial services licensee who has authorised the provider to provide, on its behalf, personal advice to retail clients.

Note: Your employer may be your principal. If you are a financial services licensee, you will not have a principal.

(2) Unless this Code expressly says otherwise, do not read down any of the provisions of this Code by reference to any other provision of this Code.

EXPOSURE DRAFT

5 The Values and the Standards

Introduction

In 2017 the Commonwealth Parliament amended the *Corporations Act 2001* to raise the education, training and ethical standards of financial advisers and financial planners, promote enhanced consumer trust and confidence in financial planners and financial advisers and refocus them from providing commercial services to acting as professionals.

While the ethos of “the market” legitimises the pursuit of self-interest through the satisfaction of others’ wants, the ethos of “the professions” aims to secure the public good through the subordination of self-interest in favour of serving the interests of others.

In return for renouncing the pursuit of self-interest, society often provides members of the professions with a range of formal and informal privileges (such as a “monopoly” right to undertake certain types of work).

Appropriate financial advice can significantly improve people’s financial well-being. In a time of increasing volatility, it is in the public interest that the profession enjoy the trust and confidence of its clients and the wider community. In turn, this requires that members of the profession develop the knowledge, skills and dispositions required to earn that trust.

Collectively, financial planners and advisers are members of Australia’s newest profession. As such, while they formerly provided a commercial service, they should be committed to offering a professional service—informed by a code of ethics intended to shape every aspect of their professional conduct.

This Code imposes ethical duties that go above the requirements in the law. It is designed to encourage higher standards of behaviour and professionalism in the financial services industry.

The Values

You must always act in a way that demonstrates, realises and promotes the following values:

- (a) trust;
- (b) competence;
- (c) honesty;
- (d) fairness;
- (e) diligence.

These values are paramount. All the other provisions of this Code must be read and applied in a way that promotes the values.

EXPOSURE DRAFT

Standard 1

Ethical behaviour

Standard 1:

You must act in accordance with all applicable laws, including this Code, and not try to avoid or circumvent their intent.

Standard 2:

You must act with integrity and in the best interests of each of your clients.

Standard 3:

You must not advise, refer or act in any other manner if you would derive inappropriate personal advantage from doing so.

Client care

Standard 4:

You may act for a client only with the client's free, prior and informed consent. If required in the case of an existing client, the consent should be obtained as soon as practicable after this Code commences.

Standard 5:

All advice and financial products that you present to a client must be in the best interests of the client and appropriate to the client's individual circumstances.

You must be satisfied that the client understands your advice, and the benefits, costs and risks of the financial products that you recommend, and you must have reasonable grounds to be satisfied.

Standard 6:

You must take into account the broad effects arising from the client acting on your advice and actively consider the broader, long-term interests and likely circumstances of the client.

Quality process

Standard 7:

The client must give free, prior and informed consent to all benefits you and your principal will receive in connection with acting for the client, including any fees for services that may be charged. If required in the case of an existing client, the consent should be obtained as soon as practicable after this Code commences.

Except where expressly permitted by the *Corporations Act 2001*, you may not receive any benefits, in connection with acting for a client, that derive from a third party other than your principal.

EXPOSURE DRAFT

Standard 8

You must satisfy yourself that any fees and charges that the client must pay to you or your principal, and any benefits that you or your principal receive, in connection with acting for the client are fair and reasonable and represent value for money for the client.

Standard 8:

You must maintain complete and accurate records relevant to services (including advice) you provide to each client (including former clients).

Standard 9

All advice you give, and all products you recommend, to a client must be offered in good faith and with competence and be neither misleading nor deceptive.

Professional commitment

Standard 10

You must develop, maintain and apply a high level of relevant knowledge and skills.

Standard 11:

You must cooperate with ASIC and monitoring bodies in any investigation of a breach or potential breach of this Code.

Standard 12

Individually and in cooperation with peers, you must uphold and promote the ethical standards of the profession and hold each other accountable for the protection of the public interest.