

FASEA Standards Summary


April 2019

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Background

Purpose

The Financial Adviser Standards and Ethics Authority has been charged with implementing the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017. The amendment makes changes to the Corporations Act 2001 to raise the education, training and ethical standards of financial advisers by requiring relevant providers to hold a degree (or higher or equivalent) qualification, pass an exam, undertake a professional year, undertake continuous professional development and comply with a Code. Transitional arrangements exist for existing advisers.

The legislation sets out seven components for this professional standards framework (s921U(2) of the Act):

- Approve bachelor or higher degrees, or equivalent qualifications
- Approve an exam
- Set requirements for work and training (Professional Year)
- Set requirements for continuing professional development
- Specify a word or expression to refer to a professional relevant provider
- Make a Code of Ethics
- Respond to applications for approval of foreign qualifications

Progress

Over the course of 2018 FASEA released consultation documents for each of these standards as detailed in the table below. Each had a timeframe for providing written submissions and there was also a consultation email address that received over 400 additional responses from individuals. Additionally, 10 consultation forums and workshops were run with over 170 participants from various stakeholder groups.

Standard	Release	Close of consultation	No. of written submissions
Code of Ethics	20 March 2018	1 June 2018	37
Education Pathways	20 March 2018	29 June 2018	150
Examination	11 July 2018	31 July 2018	67
Professional Year	23 July 2018	15 August 2018	24
PRP Term	23 July 2018	15 August 2018	14
Foreign Qualifications	23 July 2018	31 August 2018	12
CPD	23 July 2018	31 August 2018	35

Following the initial consultation process, FASEA released for further consultation the Legislative Instruments (LI), Explanatory Statements (ES) and Policy Statements for each of the Standards as appropriate.

FASEA has now completed and registered the Legislative Instruments and Explanatory Statements for each of the standards, as detailed in the table below:

Standard	Consultation Period	No. of written submissions	LI & ES Registered	Final Policy Published
<u>Code of Ethics</u>	21 November – 19 December 2018	18	11 February 2019	May 2019
<u>Education Pathways</u>	20 November 2018 – 14 December 2018	92	24 December 2018	15 January 2019
<u>Examination</u>	14 December 2018 – 11 January 2019	26	6 February 2019	6 February 2019
<u>Work & Training (Professional Year)</u>	16 November 2018 – 30 November 2018	13	19 December 2018	15 March 2019
<u>PRP Term</u>	16 November 2018 – 30 November 2018	9	17 December 2018	N/A
<u>Foreign Qualifications</u>	22 November 2018 – 14 December 2018	8	N/A	16 January 2019
<u>CPD</u>	22 November 2018 – 7 December 2018	24	20 December 2018	14 January 2019

This document provides a summary of the key parameters for each of the Standards which is further detailed in the final legislative instruments and associated documentation.

Summary of Standards

Exam

New entrants

Passed before indirect supervision

Existing advisers

Passed by 2021

- 3.5 hours including reading
- Partially open book for statutory material
- Multiple choice & short answer
- Practical application of adviser knowledge in the following competency areas -
 - Financial Advice Regulatory & Legal Obligations (Corporations Act, AML, Privacy & Tax Agents Services Act (TASAA))
 - Financial Advice Construction
 - Applied Ethical and Professional Reasoning
- Physical digital offering
- Multiple resits
- Publish a curriculum, recommended reading lists and practice questions
- Provisional provider to pass exam before moving to indirect supervision (Q3/Q4 - approx. 6 months into PY)

Code of ethics

Compliance

from January 2020

- Values aligned to -
 - Trustworthiness
 - Competence
 - Honesty
 - Fairness
 - Diligence
- A relevant provider must act at all times. In all cases in a manner that demonstrably consistent with 12 principles
- The Code will be monitored by code monitoring bodies

Education

New entrants

from 1 January 2019

Existing advisers

by 1 January 2024

- New Entrant
 - Bachelor Degree (24 subjects - AQF7)
 - Career changer (with relevant experience) - Graduate Diploma (8 subjects - maximum - AQF8)
- Existing adviser
 - FASEA approved degree - 1 subject (Ethics for Professional Advisers bridging course)
 - Relevant degree - 4 subjects (3 bridging courses + 1 FASEA approved subject)
 - Non-relevant degree - Graduate Diploma (7 subjects - maximum)
 - No Degree - Graduate Diploma (8 subjects - maximum)
 - RPL available as per point 4 below
- Bridging programs - RPL potentially available
 - Financial Advice Regulatory & Legal Obligations (Corporations Act, AML, Privacy & Tax Agents Services Act (TASAA))
 - Ethics for Professional Advisers (no RPL)
 - Behavioural Finance
- Recognition of prior learning (RPL) examples for -
 - Advanced Diploma in FP (AQF6) - 2 credits
 - Approved coursework to attain a designation (eg. FPA's 5 unit CFP post c. 2007 or FPA's FCHFP post c. 2014) - up to 2 credits
 - Between 4 to 7 units of the relevant degree definition - 2 credits

Work and training (professional year) & provisional relevant provider expression

New entrants

from 1 January 2019

- 1600 hours - 100 hours training and 1500 hours work
- Supervisor - minimum 2 years experience as a relevant provider (post professional year)
- Formal education contributes to training requirement
- Competencies expected to be demonstrated before conclusion of PY are -
 - Technical Competence
 - Client Care and Practice
 - Regulatory Compliance and Consumer Protection
 - Professionalism and Ethics
- PPV Plan to define key direct and indirect supervision activities in a quarterly approach, including competency assessment with opportunity to accelerate into indirect supervised activities only after passing the exam
- Completion certificate at end of each quarter
- Final Completion Certificate at end of quarter 4
- PY is not required if the provider is returning from a career break
- Templates will be available as guidance
- Evidence collection and record keeping for 7 years
- Provisional Financial Adviser or Provisional Financial Planner will be identified as such to clients

Continuing professional development

New entrants

Post professional year

from 1 January 2019

- 40 hours (incl. professional reading at 4 hours)
- 36 hours for part-time with prior consent from Licensee
- 70% approved by licensee
- Formal education capped at 30 hours for CPD
- CPD categories minimum hours -
 - Technical - 5 hours
 - Client Care and Practice - 5 hours
 - Regulatory Compliance and Consumer Protection - 5 hours
 - Professionalism and Ethics - 9 hours

With the balance up to 40 hours consisting of qualifying CPD
- Relevant provider returning after >2 years career break is required to prepare a CPD plan for their first year that is approved by their Licensee
- Templates will be available as guidance
- Licensee must publish their CPD Policy
- Evidence collection and record keeping for 7 years
- CPD requirements will align with Tax Practitioners Board requirements
- Transition arrangements for 2019 will be pro-rated for licensees whose CPD year is not a calendar year

Foreign qualifications

- The education pathways for those with foreign qualifications will mirror those for New Entrants and Existing Advisers (ie. 24/8 subjects)
- Foreign qualifications will be assessed by DET or DET approved bodies (eg. CAANZ and CPA) as to Australian Qualification Framework (AQF) equivalence
- FASEA will undertake assessment of the foreign qualification to determine the relevant pathway to meet FASEA's education standard.
- A precedent database of approved foreign qualifications will be displayed on the website

Standard 1 – Code of Ethics

A Code of Ethics addressing the values of Trustworthiness, Competence, Honesty, Fairness and Diligence. All Advisers must act at all times, in all cases in a manner that is demonstrably consistent with the 12 standards in the areas of ethical behaviour, client care, quality process and professional commitment. All Advisers which will be monitored by an ASIC approved code monitoring scheme.

Compliance required from January 2020

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 where you have a conflict of interest or duty.

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 product recommendations that you give 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 clients broader, long-term interests and likely circumstances.

Standard 7

The client must give free 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.

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 ensure that your records of clients, including former clients, are kept in a form that is complete and accurate.

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.

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.

Standard 2 – Education

The maximum requirements for a New Entrant will be an approved bachelor's degree (AQF7)¹ of 24 subjects; and for an Existing Adviser will be a Graduate Diploma of 8 subjects.

The minimum requirements for a New Entrant will be an approved Graduate Diploma (AQF8) of 8 subjects; and for an Existing Adviser will be 1 subject being FASEA's Bridging Course – Ethics for Professional Advisers – for those with a FASEA approved bachelor, graduate diploma or master degree.

Recognition of prior learning (RPL) and the number of subjects required, will vary by pathway for each individual as described below.

FASEA has registered an initial Legislative Instrument (LI) in respect of historical and current bachelor degrees, graduate diplomas and master degrees that are approved pursuant to our education and accreditation policies.

The LI will be amended to add RPL, new degrees, equivalent qualifications, bridging courses and approved coursework undertaken to obtain a designation. FASEA will continue to assess education for approval as applications are received, pursuant to the processes documented in our FPS002 Program & Provider Accreditation Policy.

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<h3>New entrant</h3> <p>Education required Approved Degree (24 subjects at AQF7)</p> <p>from January 1 2019 OR</p> <ul style="list-style-type: none"> Approved Graduate Diploma (AQF8) Approved Masters Degree (AQF9) <p>All with embedded bridging knowledge areas</p>	<h3>Existing adviser</h3> <p>with approved degree</p> <p>FASEA approved Bachelor Degree (AQF7) or Graduate Diploma (AQF8) or Masters Degree (AQF9) already meets the qualification requirements.</p> <p>Education required Bridging Course (1 subject – FASEA Code of Ethics at AQF8)</p> <p>by no later than Jan 1 2024</p>	<h3>Existing adviser</h3> <p>with relevant degree</p> <p>Education required Bridging Course (3 subjects at AQF8 + 1 FASEA approved subject)</p> <p>by no later than Jan 1 2024</p> <p>Relevant degree definition – 8 subjects at AQF 7, 8 or 9 that contain at least 8 courses in one or more of the designated related fields of study in any combination – financial planning, investment, accounting, taxation law (as defined by the TPB), finance law, finance, business law (as defined by the TPB), estate law, banking, economics.</p>	<h3>Existing adviser</h3> <p>with non-relevant degree</p> <p>Education required Approved Graduate Diploma (7 subjects at AQF8)</p> <p>by no later than Jan 1 2024</p>	<h3>Existing adviser</h3> <p>with no degree</p> <p>Education required Approved Graduate Diploma (8 subjects at AQF8) OR Other approved qualifications – Bachelor Degree (AQF7) or Masters Degree (AQF9)</p> <p>by no later than January 1 2024</p>
<p>Bridging Course subjects</p> <ul style="list-style-type: none"> Financial Advice Regulatory & Legal Obligations (Corporations Act, AML, Privacy & Tax Agents Services Act (TASA)) Ethics for Professional Advisers Behavioural Finance: Client and Consumer Behaviour, Engagement and Decision Making 				
<p>RPL – Recognition of Prior Learning</p> <ol style="list-style-type: none"> Holds an Advanced Diploma of Financial Planning – 2 credits Completed coursework to attain a designation (eg. FPA's 5 unit CFP, FchFP post c. 2014) – up to 2 credits Between 4 and 7 units of the relevant degree definition (as above) – 2 credits 				

¹ Australian Qualifications Framework (www.aqf.edu.au)

The table below may assist relevant providers identify the number of courses required to meet FASEA's Education Standard.

Pathway			Outcome (# of courses)																							
EA - Approved degree	FASEA 1 Bridging Course - Ethics for Professional Advisers	1	*																							
EA - Relevant degree + ADFP	FASEA 1 Bridging Course - Ethics for Professional Advisers	1	*																							
EA - Relevant degree + approved coursework to attain designation	FASEA 1 Bridging Course - Ethics for Professional Advisers	1	*																							
EA - Non-relevant degree + ADFP + approved coursework undertaken to attain designation + 4-7 related units	FASEA 1 Bridging Course - Ethics for Professional Advisers	1	*																							
EA - Non-relevant degree + 2 of ADFP or approved coursework undertaken to attain designation or 4-7 related units	FASEA 3 Bridging Courses (5 credits for degree and two of ADFP or approved coursework undertaken to attain designation or 4-7 related units)	3	*	*	*																					
EA - Relevant degree	FASEA 3 Bridging Courses + 1 FASEA Approved Unit (4 credits for degree)	4	*	*	*	*																				
EA - No degree + ADFP + approved coursework to attain designation	Approved GDip less 4 credits for ADFP and approved coursework undertaken to attain designation	4	*	*	*	*																				
EA - Non-relevant degree + ADFP	Approved GDip less 3 credits for degree and ADFP	5	*	*	*	*	*																			
EA - Non-relevant degree + approved coursework to attain designation	Approved GDip less 3 credits for degree and approved coursework undertaken to attain designation	5	*	*	*	*	*																			
EA - Non-relevant degree + 4-7 related units	Approved GDip less 3 credits for degree and 4-7 related units	5	*	*	*	*	*																			
EA - No degree + ADFP	Approved GDip less 2 credits for ADFP	6	*	*	*	*	*	*																		
EA - No degree + approved coursework to attain designation	Approved GDip less 2 credits for approved coursework undertaken to attain designation	6	*	*	*	*	*	*																		
EA - Non-relevant degree	Approved GDip less 1 credit for degree	7	*	*	*	*	*	*	*																	
EA - No degree	Approved GDip	8	*	*	*	*	*	*	*	*																
New Entrant - Career changer	Approved GDip	8	*	*	*	*	*	*	*	*	*															
New Entrant	Bachelor Degree	24	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

* EA - existing advisor / ADFP - Advanced Diploma of Financial Planning / GDip - Graduate Diploma

Standard 3 – Exam

The exam allows candidates to demonstrate professional reasoning and apply knowledge acquired to actual financial advice scenarios at AQF7 level. The curriculum will cover:

Financial Advice Regulatory and Legal Obligations (including Corporations Act – Chapter 7, Anti-Money Laundering (AML), Privacy and Tax Agents Services Act (TASA))

Financial Advice Construction – suitability of advice aligned to different consumer groups, incorporating consumer behaviour and decision making

Applied ethical and professional reasoning and communication incorporating FASEA Code of Ethics and Code Monitoring Bodies.

The exam will be 3.5 hours and limited open book so far as statutory materials are concerned.

New entrants need to pass the exam before indirect supervision in PY **Existing advisers** need to pass the exam by 2021

- 1 3.5 hours including reading
- 2 Partially open book for statutory material
- 3 Multiple choice & short answer
- 4 Practical application of adviser knowledge in the following competency areas –
 - Financial Advice Regulatory & Legal Obligations (Corporations Act, AML, Privacy & Tax Agents Services Act (TASA))
 - Financial Advice Construction
 - Applied Ethical and Professional Reasoning
- 5 Physical digital offering
- 6 Multiple resits
- 7 Publish a curriculum, recommended reading lists and practice questions
- 8 Provisional provider to pass exam before moving to indirect supervision (Q3/Q4 – approx. 6 months into PY)

Standard 4 – Naming of Provisional Relevant Provider

The only expressions to be used for a Provisional Relevant Provider are “Provisional Financial Adviser” or “Provisional Financial Planner” and only after passing the exam and authorised by the Licensee.

Standard 5 – Work and Training (Professional Year)

The Work and Training requirement (Professional Year) requires 1600 hours during a 12 month period (equivalent FTE). A new entrant will be required to have a Professional Year Plan that is agreed with their Supervisor and Licensee and meet a quarterly activity framework starting with a direct supervised approach and transitioning through to an indirect supervised approach aimed at developing the following competencies:

1. Technical competence;
2. Client care and practice;
3. Regulatory Compliance and Consumer Protection; and
4. Professionalism and Ethics

New entrants from 1 January 2019

- 1 1600 hours – 100 hours training and 1500 hours work
- 2 Supervisor – minimum 2 years experience as a relevant provider (post professional year)
- 3 Formal education contributes to training requirement
- 4 Competencies expected to be demonstrated before conclusion of PY are –
 - Technical Competence
 - Client Care and Practice
 - Regulatory Compliance and Consumer Protection
 - Professionalism and Ethics
- 5 PPY Plan to define key direct and indirect supervision activities in a quarterly approach, including competency assessment with opportunity to accelerate into indirect supervised activities only after passing the exam
- 6 Completion certificate at end of each quarter
- 7 Final Completion Certificate at end of quarter 4
- 8 PY is not required if the provider is returning from a career break
- 9 Templates will be available as guidance
- 10 Evidence collection and record keeping for 7 years
- 11 Provisional Financial Adviser or Provisional Financial Planner will be identified as such to clients

Standard 6 – Foreign Qualifications

Applications may be made to FASEA for approval of a foreign qualification which will be assessed by approving bodies such as Department of Education and Training (DET), Chartered Accountants Australia and New Zealand (CAANZ) or CPA Australia as to equivalence with Australian qualification standards.

- 1 The education pathways for those with foreign qualifications will mirror those for New Entrants and Existing Advisers (ie. 24/8 subjects)
- 2 Foreign qualifications will be assessed by DET or DET approved bodies (eg. CAANZ and CPA) as to Australian Qualification Framework (AQF) equivalence
- 3 FASEA will undertake assessment of the foreign qualification to determine the relevant pathway to meet FASEA's education standard.
- 4 A precedent database of approved foreign qualifications will be displayed on the website

Standard 7 – CPD

The annual CPD requirement is 40 hours, 70% of which is to be approved and recorded by the licensee and which may include professional reading of up to 10% and formal education of up to 30 hours.

New entrants will need to undertake this post professional year **Existing advisers** will need to undertake this from 1 January 2019

- 1 40 hours (incl. professional reading at 4 hours)
- 2 36 hours for part-time with prior consent from Licensee
- 3 70% approved by licensee
- 4 Formal education capped at 30 hours for CPD
- 5 CPD categories minimum hours –
 - Technical – 5 hours
 - Client Care and Practice – 5 hours
 - Regulatory Compliance and Consumer Protection – 5 hours
 - Professionalism and Ethics – 9 hoursWith the balance up to 40 hours consisting of qualifying CPD
- 6 Relevant provider returning after >2 years career break is required to prepare a CPD plan for their first year that is approved by their Licensee
- 7 Templates will be available as guidance
- 8 Licensee must publish their CPD Policy
- 9 Evidence collection and record keeping for 7 years
- 10 CPD requirements will align with Tax Practitioners Board requirements
- 11 Transition arrangements for 2019 will be pro-rated for licensees whose CPD year is not a calendar year



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