

FASEA Finalised Legislative Instruments

The Financial Adviser Standards and Ethics Authority (FASEA) has now finalised all their legislative instruments (LI) to set the education, training and ethical standards of licensed financial advisers in Australia.

Despite receiving numerous submissions, FASEA has only made minor concessions to each of the standards over the short consultation period.

Education Standard

The LI was informed through consultation with stakeholders in March and June 2018 and through 92 formal submissions during FASEA's consultation process in November 2018.

[See FPS001-FASEA-Policy-Statement-Education-Pathways](#)

The two most prominent changes to the draft LI were:

- Financial planning (which includes financial advice areas of superannuation, retirement, insurance, estate planning etc.) and investments (which include all types of investment e.g. shares, derivatives, foreign exchange, options etc.) subjects have been added to the relevant degree definition;
- Recognition of prior learning: advisers holding a non-relevant degree who have completed between 4 and 7 relevant degree knowledge areas will be awarded 2 credits.

Depending on an adviser's completed education, advisers can expect to complete between one and eight additional formal education courses. From previous member surveys, we anticipate that the majority of SMSF Association members will need to complete between **1 and 5 courses**.

For existing advisers there are four pathways to meet the Education Standard:

1. **The approved degree pathway** — will need to complete 1 FASEA bridging course in Ethics.
 - a. [See list of approved degrees](#)
2. **The relevant degree pathway** — will need to complete a maximum of 4 courses.
 - a. This pathway is for existing advisers that have completed an AQF 7, 8 (Graduate Diploma) or 9 qualification in a related field of study that contains at least 8 courses in one or more of the designated fields of study in any combination – financial planning (includes financial advice areas of superannuation, retirement, insurance, estate planning), investments (includes all types of investments (e.g. shares, derivatives, foreign exchange, options etc.), accounting, taxation/tax law (as defined by the Tax Practitioners Board (TPB)), finance law, finance, business law (as defined by the TPB), estate law, banking and economics.
3. **The non-relevant/other degree pathway** — will need to complete a maximum of 7 courses.
 - a. A non-relevant/other degree is a qualification at AQF 7, 8 (Graduate Diploma) or 9 qualification in a non-relevant/other field of study that does not contain at least 8 courses in one or more of the designated fields of study in any combination.
 - b. As highlighted previously, advisers who have completed between 4 and 7 of these knowledge areas will be awarded 2 credits.
4. **The no degree pathway**
 - a. An approved 8 course Graduate Diploma consisting of the 3 bridging courses and 5 related units
 - i. Financial Advice Regulatory & Legal Obligations bridging course
 - ii. Ethics and Professionalism (including the FASEA Code of Ethics and Code Monitoring Bodies) bridging course
 - iii. Behavioural Finance: Client and Consumer Behaviour, Engagement and Decision Making bridging course

A summary of the outcomes based on the different pathways is shown below:

Pathway		Outcome (# of courses)
EA - Approved degree	FASEA 1 Bridging Course	1
EA - Relevant degree + ADFP	FASEA 1 Bridging Course	1
EA - Relevant degree + approved coursework to attain designation	FASEA 1 Bridging Course	1
EA - Non-relevant degree + ADFP + approved coursework undertaken to attain designation + 4-7 related units	FASEA 1 Bridging Course (7 credits for degree and ADFP and approved coursework undertaken to attain designation and 4-7 related units)	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

In terms of recognised prior learning (RPL) provided, existing advisers are eligible for exemptions, depending on their pathway via RPL for:

1. Completion of the Advanced Diploma of Financial Services/Planning – Maximum of 2 credits.
2. Completion of education undertaken in the process of attaining an approved professional designation approved by FASEA – Maximum of 2 credits.
3. Completion of an AQF 7 or higher qualification in a related field of study that contains between 4 and 7 courses with the designated fields of study mentioned previously – Maximum of 2 credits.

The SMSF Association has made an application to FASEA on the recognition of the SMSF Specialist Advisor (SSA) accreditation for RPL credit purposes.

Examination Standard

The LI was informed through consultation received in 26 submissions during the legislative instrument final consultation process for this standard in December 2018 and January 2019. Relevant Providers are required to pass the exam by 1 January 2021.

Under the final standard, FASEA has reduced the reading time for the exam to 15 minutes within a total 3.5 hour sitting period.

Additionally, FASEA has noted that it will consider the addition of further exam centres in 2019 and 2020 for relevant providers sitting the exam in regional areas depending on adviser interest and availability of facilities.

The proposed subjects for the exam have now been revised to focus on practical application of adviser knowledge in the following areas:

- Financial Advice Regulatory and Legal Obligations
- Financial Advice Construction
- Applied Ethical and Professional Reasoning.

The exam will consist of at least 64 multiple choice and at least 6 written response questions but will now be open book for statutory materials. There is no limit on the number of times the exam may be attempted.

Exams will be marked to a credit level and the candidate will be awarded a “pass” or “fail” on this basis.

For registration details see link. [FPS006-Examination-Policy](#)

CPD Standard

The LI was informed through consultation with stakeholders in July and August 2018 and through 24 formal submissions during FASEA’s consultation process in November 2018.

Advisers are required to complete 40 hours of continuing professional development (CPD) each year of which 70% will need to be approved by the licensee (including a maximum 4 hours of professional reading).

The minimum hours for CPD categories are:

- Technical – 5 hours
- Client Care and Practice – 5 hours
- Regulatory Compliance and Consumer Protection – 5 hours and
- Professionalism and Ethics – 9 hours

Advisers will be able to count 30 hours of their formal study towards CPD hours.

Where a 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.

Code of Ethics

The LI was informed through consultation received in 18 submissions during the final consultation period for this standard in November and December 2018.

The Code of Ethics imposes ethical duties on financial advisers, it is designed to encourage higher standards of behaviour and professionalism in the financial services industry. The Code of ethics comes into effect from 1 January 2020.

The final Code of Ethics has been tightened to reduce ambiguity, specifically regarding conflicts of interest. In addition, further case studies will be made available in forthcoming guidance.

[See Code of Ethics](#)

Professional Year

The LI was informed through consultation with stakeholders in July and August 2018 and through 13 formal submissions during FASEA’s consultation process in November 2018.

A Provisional Relevant Provider (New entrants) will be required to undertake a Professional Year comprising 1600 hours, of which 100 hours is to be structured training.

Provisional Relevant Provider expression

The final expressions to be used for a Provisional Relevant Provider are “Provisional Financial Adviser” or “Provisional Financial Planner”, which may be used interchangeably.

Foreign Qualification Standards

The policy contemplates a 2 step approach: an assessment by a Department of Education and Training (DET) approved body, for example the Chartered Accountants of Australia and New Zealand (CAANZ) and Certified Practising Accountants (CPA) associations and then an assessment by FASEA as to the equivalence of the foreign qualification to a degree or qualification approved under FPS001 Education Pathways Policy.

Upon receipt of a certified copy of the individual's qualification and a copy of the DET assessment from the DET approved body, FASEA will determine the requirements for the new entrant or existing adviser (as defined under s1546A of the Corporations Act 2001) under FPS001 Education Pathways Policy.