18 June 2020

Mr Stephen Glenfield
Chief Executive Officer
Financial Advice Standards and Ethics Authority

By Email: stephen.glenfield@fasea.gov.au

Dear Stephen

Regulatory relief request - Financial adviser CPD requirements during COVID-19 and the Bushfire Crisis

Association of Financial Advisers (AFA), CPA Australia, Chartered Accountants Australia and New Zealand (CA ANZ), SMSF Association (SMSFA), Financial Planning Association (FPA) and Institute of Public Accountants (IPA) – The Joint Associations - would like to take the opportunity to formally request that FASEA provide regulatory assistance to support financial advisers in meeting their CPD obligations during the current COVID-19 pandemic and economic crisis.

We have all consulted with our members to identify the impacts of the current environment on financial advisers' ability to meet the requirements of the FASEA CPD Policy.

As indicated by the feedback received, financial advisers have been significantly impacted by COVID-19 and the bushfire crisis over the summer, which are outside the individual's control and are hindering the completion of CPD. These crises are forcing financial advisers to prioritise their efforts to helping clients, with a significant and unprecedented spike in demand for advice.

It is important to note the compounding effect on financial advisers' ability to meet the CPD requirements of multiple factors attributable to the pandemic and bushfire crisis, as well as other ongoing matters. This includes:

- the spike in the demand for advice commenced nearly six months ago in January due to significant market volatility, well before the Government's social distancing restrictions in response to COVID-19 and the true extent of the pandemic became apparent
- assisting clients who have faced job losses or who need assistance with the Federal and State Governments' COVID-19 support measures – Cash Boost, JobSeeker, JobKeeper, early release of superannuation and many more
- time constraints due to increased client demand for advice (as indicated by 38% of survey respondents – see below), and time constraints due to other commitments resulting from COVID-19 (37% of survey respondents)

- cancellation of planned face-to-face CPD such as major conferences
- managing the implications of the pandemic and economic crisis for their own business and their families
- undertaking study to meet the new education standards and prepare for the exam, noting there is a cap on counting such study for CPD purposes under the FASEA CPD Policy
- the bringing forward of cash flow advice, compliance accounting and tax lodgments to assist clients in qualifying for COVID-19 relief, which particularly impacts accountants who are financial advisers
- significant impacts on practices of individual financial advisers and accountants in regional areas affected by the summer bushfires; as well as their communities and clients more broadly
- coping with the significant impact on their mental and physical wellbeing.

In a survey conducted by the FPA, 58% of survey respondents indicated that the impacts of COVID-19 hindered their ability to meet the CPD obligations; particularly in meeting the total annual requirement of 40 hours (35%) and the minimum hours in one or more mandatory categories (26%).

However, this issue is not just about the the number of advisers impacted, but more importantly it is about the significance of the penalty that results from not meeting the CPD requirements within the licensee's CPD year. Non-compliance with the FASEA CPD requirements is recorded on the individual financial adviser's public record on the ASIC Financial Adviser Register (FAR). This is a significant penalty that can affect the reputation of the adviser, regardless of the reasons for the non-compliance.

80% of survey respondents indicated that their licensee had not provided any flexibility or guidance in relation to meeting the obligations in their CPD Plan despite FASEA's media release dated 19 March 2020. Therefore, prompting licensees for immediate relief may not remove the external impediments to meeting the CPD requirements for financial advisers.

Recommendation:

The Joint Associations recommend that FASEA provide financial advisers with an additional three months in which to complete the requirements of the current CPD year.

Section 922HB of the Corporations Act requires a licensee to provide a notice to ASIC if a relevant provider has not complied with the FASEA CPD requirements at the end of the licensee's CPD year. For a large majority of licensees, the CPD year is based on the financial year calendar and is due to end on 30 June 2020.

Therefore, the Joint Associations request FASEA's consideration of this regulatory assistance as a matter of urgency to formally allow licensees to provide an extension of the CPD year in extreme event circumstances, such as the COVID-19 health and economic crisis.

Noting the urgency of this request and the proximity to the end of the current CPD year for the majority of financial advisers, we request an urgent response by Friday 19 June.

We would welcome the opportunity to discuss this urgent matter with FASEA in more detail.

Yours sincerely

Phil Kewin Chief Executive Officer **Association of Financial Advisers**	**Simon Grant FCA** Advocacy, Professional Standing and International Development **Chartered Accountants Australia and New Zealand**
Dr. Gary Pflugrath Executive General Manager, Policy and Advocacy **CPA Australia**	**Dante De Gori** Chief Executive Officer **Financial Planning Association of Australia**
Sally Loane Chief Executive Officer **Financial Services Council**	**Vickie Stylianou** Group Executive, Advocacy and Technical **Institute of Public Accountants**
John Maroney Chief Executive Officer **SMSF Association**	