

From the Desk of Director Marija Pajeska



17 August 2018

Financial Adviser Standards and Ethics Authority

By email: [consultation@fasea.gov.au](mailto:consultation@fasea.gov.au)

Response to FASEA Consultation – Professional Year

The Association of Securities and Derivatives Advisers of Australia (ASDAA) appreciates the opportunity to provide these comments to FASEA in respect of FASEA Consultation Paper – Professional Year.

ASDAA's members are comprised of individuals who are either directors or employees of firms which hold Australian Financial Services Licences (AFSLs).

Overall we feel that the proposed standards work towards the main goal which is to lift the professional standards of education and competence that apply to financial advisers nationally.

Our specific comments to each of FASEA's proposals in the Consultation Paper are detailed in Annexure A of this letter.

We feel that there is still some scope for improvement within the proposed standards set out for the Professional Year, namely:

- a Supervisor should have more than 2 years of experience. By setting the standard at 2 years it implies that a new adviser with 2 years of experience could be a Supervisor that signs off on other new advisers. The minimum should be a minimum 5 years of experience for an advisor to act in the capacity of a Supervisor; and
- there should be some interaction or an approval process that provisional relevant providers need to go through with either FASEA or the Association of which they are a member before they can call themselves a relevant provider.

ASDAA appreciates the opportunity to provide this Submission to ASIC on these significant proposals. We would be happy to discuss any issues arising from our submissions on this issue, or to provide any further material that may assist. Should you require any further information, please contact Brad Smoling, Director of Communications, on (07) 5532 3930 or email [brad@asdaa.com.au](mailto:brad@asdaa.com.au).

Yours Sincerely

Marija Pajeska  
Compliance Director

## Annexure A: Response to FASEA Questions

### S3 Responsibilities for approving work and training in the Professional Year

| ASIC Question |  | Response   |
|---------------|--|--|
| S3.1          | Do you agree with the requirement for supervisors to have a minimum of 2 years' experience as a relevant provider? | We do not agree with this proposal as it implies that a new adviser can become a Supervisor 2 years after they have completed their Professional Year. This is not adequate experience to be able to demonstrate that you can supervise the activities of others. The minimum should be amended to 5 years as a relevant provider. |

### S4 Requirements – work and training

Proposal: FASEA Proposes the Provisional Relevant Providers who take a career break must meet the existing adviser education and additionally CPD for those that have been away for more than 2 years. That the amount of time spent in work and training is 1800 hours split between 800 hours of education and training, 1000 hours of work. Further details in Section 4.

| ASIC Question |  | Response  |
|---------------|--|---|
| S4.1          | Do you agree with what is required of those individuals that return after a career break? If not, why not?                                     | We agree with the proposals regarding individuals that take career breaks.  |
| S4.2          | Do you agree with the proposed amount of time and split between work and training required of the proposed Professional Year? If not, why not? | We were of the understanding that the whole intent of the Professional Year is to have a full year of work and supervised experience. By having a split which includes education and training is beneficial however takes away from the whole point of the Professional Year which one year of work experience. |
| S4.3          | Do you agree that formal education should contribute to the training requirement of the proposed Professional Year? If not, why not?           | We see the benefits of this as tertiary education providers can integrate the Professional Year into the degrees that they offer.   |

## S5 Competencies required for satisfaction of work and training standard

Proposal: FASEA proposes the following competencies expected to be demonstrated before conclusion of the work and training period:

- Technical competence
- Client care and practice
- Regulatory compliance and consumer protection
- Professionalism and Ethics:

A quarterly supervised approach is proposed to ensure a structured approach, this includes the following quarterly milestones:

- Quarter 1: Client Observations and support Supervisor/Experienced Adviser
- Quarter 2: Supervised Client Engagement and Advice Preparation
- Quarter 3 and 4: Indirect Supervision of Client Engagement and Advice Preparation

Further details in Section 5.

| ASIC Question |   | Response  |
|---------------|---|---|
| S5.1          | Do you agree with the competencies expected to be demonstrated before conclusion of the work and training period?   | We agree with the competencies expected to be demonstrated before conclusion of the work and training period. |
| S5.2          | Do you agree with the proposed quarterly supervised approach and indicative key activities aligned to each quarter? | We agree with the competencies expected to be demonstrated before conclusion of the work and training period. |

## S6 Evidence collection

Proposal: FASEA proposes that evidence is collected using output and input based approaches to measure competence. Further details in Section 6.

| ASIC Question |   | Response  |
|---------------|---|---|
| S6.1          | Do you agree with the combination of approaches for the measurement of competence and the collection of evidence? | We feel that as part of the approach to measure competence there needs to be involvement by either FSEA or the Association of which the Provisional Relevant Provider is or will be a member of. A report should be submitted to either FASEA or the Association of which the Provisional Relevant Provider is or will be a member of and the decision to lift an individual's provisional status should sit with either FASEA or the Association of which the Provisional Relevant Provider is or will be a member of. |
| S6.2          | Do you agree with the proposed periodic review between the Provisional Relevant Provider and the Supervisor?      | We agree with the proposed periodic review between the Provisional Relevant Provider and the Supervisor.  |

## S7 Exit criteria

Proposal: FASEA proposes that a Provisional Relevant Provider and the Supervisor meet certain exit criteria requirements before the Professional Year can be declared complete. Further details in Section 7.

| ASIC Question |   | Response  |
|---------------|---|---|
| S7.1          | Do you agree with the proposed exit criteria and the requirements of the Provisional Relevant Provider? | We feel that as part of the approach to measure competence there needs to be involvement by either FSEA or the Association of which the Provisional Relevant Provider is or will be a member of. A report should be submitted to either FASEA or the Association of which the Provisional Relevant Provider is or will be a member of and the decision to lift an individual's provisional status should sit with either FASEA or the Association of which the Provisional Relevant Provider is or will be a member of. |
| S7.2          | Do you agree with the proposed exit criteria and the requirements of the Supervisor?                    |   |

## S8 Potential resources and templates

Proposal: FASEA proposes a number of resources and templates to guide Provisional Relevant Providers, Supervisors and licensees, these include:

- Quarterly Activity Guide
- PY Logbook
- Supervisor Attestation Template

Further details in Section 8.

| ASIC Question |  | Response  |
|---------------|--|---|
| S8.1          | Do you believe that templates may be useful and could be used as a guide only? | Templates will be useful, however we note that the Supervisor Attestation should be a standard form rather than a template provided as a guide. |
| S8.2          | Are there templates in respect of any other matters that would be useful?      | At this stage it is difficult to say, time will tell.   |