

From the Desk of Director Andy Semple



29 March 2019

Financial Adviser Standards and Ethics Authority

By email: consultation@fasea.gov.au

Response to FASEA Consultation – Degrees Qualifications and Courses Standard Amendment

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 – Degrees Qualifications and Courses Standard Amendment.

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

We would like to commend FASEA for taking the initiative and the time to understand how the financial planning industry operates and the accreditation (as approved by the Financial Planning Association) that a person who calls themselves a financial planner was required to complete in order to provide financial planning services and call themselves a financial planner.

However, we think it is deplorable that FASEA and its Board have disregarded an even larger part of the financial services industry, ie. Financial advisers. To assume (which is what FASEA has done by approving degrees (AQF Level 8 and higher), graduate diplomas (AQF Level 7) and advanced diplomas (AQF Level 7)) the following is unjust to the industry and clients:

- that every existing relevant provider has completed a degree which includes financial planning;

- financial planning subjects are the only way an existing relevant provider can demonstrate that they have met the educational requirements to provide personal advice; and
- that every client who requires personal advice seeks financial planning services.

The majority of existing financial advisers have completed university degrees, they are RG146 accredited (which is the approved standard for the last 10 years or so) and have completed the Graduate Diploma in Applied Finance and Investments delivered by FINSIA (previously known as SIA).

These were the educational pathways available and acceptable by regulators and the industry at the time and to tell an entire industry that you are not qualified to continue providing the services you provide will not only annihilate the industry but be a dis-service to clients as clients will no longer have access to credible, experienced financial advisers as the regulatory body that is there to approved educational requirements does not understand the difference between the services offered by a financial planner and a financial adviser.

ASDAA can only conclude that the [FASEA board](#) itself is made up of people who themselves do not meet the requirements as they are either academics and lawyers with no experience in the financial services industry (ie. do not meet the definition of an existing adviser being someone who was on the financial adviser register during the period 1 Jan 16 to 1 Jan 19) or do not hold the relevant qualification or only have experience as financial planners.

ASDAA notes the public disclosure of the qualifications of the following two board members:

- Ms Deborah Kent – who has a degree from Stanford University (not approved as yet as it is international qualification) and who is a CFP (not approved degree)
- Mr Matthew Rowe – who was on financial adviser register for **1 day during** the period (ie. 1/1/16 he was terminated). He has degree from Flinders University (no approved courses) and he is a CFP (not approved degree). Ex-chairman of FPA.

Even the current FASEA CEO and COO both don't hold relevant qualifications yet this body is determining the relevant qualifications for an entire diverse financial service industry and should therefore recognise their current one size fits all approach needs a re-think.

The board should also appoint as a matter of urgency a suitably experienced individual from the Financial Adviser sector (ie. a Stockbroker or Securities Adviser) to provide the board with diversity of experience and opinion from other sections of the financial advisory sector.

Reality is that most financial planners focus on:

- superannuation;
- estate planning
- life insurance; and
- retirement planning.

They effectively outsource the investment of money to a financial adviser either:

- directly by requesting the financial adviser to create a portfolio for the client that will assist them in meeting their financial goal using various income streams (through investments) and achieving capital gains; or
- indirectly by recommending that the client investment in various managed funds (whereby the investment decisions within the managed fund are made by an investment manager who most likely does not need to meet the FASEA educational requirements as an Investment Manager has a relationship with the trustee of the managed fund and the trustee is deemed a Wholesale Client).

So it does not seem that FASEA is serving the community, taking the clients interest into consideration, nor is it taking any steps to better educate (or has it used the last 2 years to better educate) itself to understand the industry it is supposed to define the educational requirements for.

We refer to the Explanatory Statement for 'Corporations (Relevant Providers Degrees, Qualifications and Courses Standard) (Amendment No. 1) Determination 2019' and note the following:

- Point 6 – FASEA has quoted Section 921C(1)(b) of the Corporations Act incorrectly. Section 921C(1) of the Corporations Act states:

ASIC must not grant an applicant an Australian financial services licence that covers the provision of personal advice to retail clients in relation to relevant financial products if:

- (a) the applicant is an individual; and
- (b) the applicant has not met any one or more of the education and training standards in subsections 921B(2) to (4).

ASIC's ability to grant an Australian financial services licence is governed by Section 913B of the Corporations Act and in this section it is clearly stated that:

Note 2: There are limitations on ASIC granting an individual an Australian financial services licence that covers the provision of certain personal advice if the individual does not meet the education and training standards in subsections 921B(2) to (4) (see section 921C).

Therefore, these limitations do not apply to an applicant which is not an individual.

- Point 16 – We note that FASEA has included a list of degrees that may be considered for the purpose of prior learning and that within that list FASEA has included economics and has not included Commerce. We feel that this is failure on FASEA’s part to understand the educational requirements and is inconsistent with its approach to what has been used to formulate the list of approved degrees.

In the list of approved degrees there are 29 degrees listed which are either a Bachelor of Commerce or have a Commerce component (ie. this represents approximately 26% of the list).

We do not believe that FAESA has any reason or justification it can provide as to why Commerce should not form part of the list set out in point 16 (ie. the list to be included in Section 5(2B) of the Corporations (Relevant Providers Degrees, Qualifications and Courses Standard) Determination 2018).

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.

Yours Sincerely,



Andy Semple
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