

13 December 2018

Financial Adviser Standards and Ethics Authority

By email: consultation@fasea.gov.au

Dear Colleagues,

**Continuing Professional Development – Legislative Instrument
Comments by Stockbrokers and Financial Advisers Association**

I refer to the Draft Legislative Instrument and Explanatory Memorandum relating to Continuing Professional Development (“CPD”) which was released for comment on 22 November 2018.

The Stockbrokers and Financial Advisers Association (“SAFAA”) provides the comments set out below on the Draft Legislative Instrument and Draft Explanatory Memorandum.

CPD Hours

The reduction in the annual CPD hours from 50 hours to 40 hours is welcomed. SAFAA still considers that 40 hours is a higher amount than is necessary, particularly having regard to CPD requirements applicable in most other professions.

SAFAA supports an annual requirement that is more comparable to other professions. In our previous Submission, SAFAA drew attention to the annual 20 hours CPD requirement that has been in place in relation to stockbroking, that was first promulgated by the Australian Stock Exchange. There is no evidence at all that has been put forward that there are any issues in the stockbroking sector that suggest that existing CPD standards have failed.

Annual Ethics requirement

The reduction in annual mandatory ethics training from 10 hours to 9 hours is a step in the right direction. However, it does not substantially address the issues that we raised in our previous submission.

We struggle to how much ethics training will be available to satisfy this requirement. There is likely to be a high degree of repetition involved in 9 hours training per annum. There are only so many ways that you can frame ethics training content.

SAFAA is disappointed that FASEA did not agree with our suggestion in our previous submission, namely, 5 hours CPD in any rolling 3-year period, which we borrowed from the Legal Profession rules dealing with CPD in relation to workplace health and safety.

Approval Requirements

SAFAA remains concerned by the high level of administrative overhead involved in satisfying FASEA's CPD framework.

Requiring AFS Licensee approval for 70% of the content will necessitate a considerable amount of cost and expense. A firm with many advisers could easily find that this task would require a dedicated full-time resource just to approve a minimum of 28 hours of training across all of its advisers.

Approval of CPD is not a feature of other professions, including legal and medical professions.

Formal v Non- formal Terminology and Restrictions

The wording of the paragraph **Types of CPD** in FPS004 dealing with distinction between Formal and Non-Formal education is extremely confusing. In our previous submission, we highlighted this, and remain of the view that there is no purpose in making this distinction.

For example, we note that FPS004 defines Formal relevant education as education "provided by an Education Provider". A great deal of CPD is likely to be made available by commercially by "Education Providers" in response to FASEA standards. For example, a webinar or online module from Thompson Reuters, Kaplan or Deakin University, would presumably be provided by an Education Provider, and therefore would be "Formal". It is hard to see why there needs to be a cap of 25 hours placed on this.

On the other hand, the SAFAA Professional Diploma in Stockbroking, delivered on behalf of SAFAA by Western Sydney University, would appear to be categorized in FPS004 as “Non-Formal education”, notwithstanding that it is provided by an Education Provider, which should mean that it is Formal Education according to FPS004.

SAFAA does not see why this terminology needs to be used, or why there should be a 25 hour cap on studies undertaken for the purpose of a completing a Degree or Degree equivalent. If the purpose of study is to improve the adviser, then it should not matter where it is completed.

Record keeping

SAFAA notes that the FPS004 CPD Policy acknowledges that the Licensee is responsible for maintaining records of CPD for its advisers. This is the most logical and cost-effective outcome, and SAFAA supports this result.

We would be happy to discuss any issues arising from our submissions on this issue. Should you require any further information, please contact Peter Stepek, Policy Executive, on (02) 8080 3200 or email pstepek@stockbrokers.org.au

Yours sincerely,

A handwritten signature in black ink, appearing to read "Andrew Green". The signature is stylized with a large initial 'A' and a long horizontal stroke at the end.

Andrew Green
Chief Executive