

10 September 2020

Mr Stephen Glenfield
Chief Executive Officer
Financial Adviser Standards and Ethics Authority Ltd
PO Box A255
Sydney South NSW 1235

By email: consultation@fasea.gov.au

Dear Stephen

Draft Relevant Providers Degrees, Qualifications and Courses Standard 2020 Amendments

The Stockbrokers and Financial Advisers Association (SAFAA) is the professional body for the stockbroking and investment advice industry. Our members are Market Participants and Advisory firms which provide securities and investment advice, execution services and equity capital-raising for Australian investors, both retail and wholesale, and for businesses. Practitioner Members are suitably qualified professionals who are employed in the securities and derivatives industry.

We welcome the opportunity to comment on the consultation on the draft Relevant Providers Degrees, Qualifications and Courses Standard 2020 Amendments (Draft Amendments).

SAFAA notes that the Draft Amendments contain two parts:

- The addition to the Education legislative instrument the approved current and historical degrees and credits for coursework to attain a professional designation, such as the SAFAA Diploma in Stockbroking. This is a formalisation of approvals already granted, which SAFAA supports.
- Proposed amendments that advisers who have completed both a relevant degree and a relevant postgraduate degree can gain two credits of approved recognition of prior learning (RPL).

SAFAA acknowledges that the proposed amendments (the second part of the Draft Amendments) are likely to assist some stockbrokers and investment advisers who, if the amendments pass, will have existing qualifications recognised and as such the proposed amendments will reduce the number of subjects they need to study to attain FASEA education requirements. That is, the proposed amendments will result in six FASEA credits. This may prove helpful to some advisers. However, we are

of the view that this is not sufficient for the majority of our senior advisers, who invested in their education early in their careers, undertaking the most relevant degrees and postgraduate study, available at the time, to best set them up for success as a stockbroker or investment adviser. For example, at Morgans Financial, which has the largest number of stockbrokers providing personal advice, the proposed amendments will provide a minor uplift to only three per cent of experienced stockbrokers.

While SAFAA supports the proposed amendments on the principle that they recognise existing qualifications, SAFAA is of the view that they should be extended. That is, SAFAA recommends that a relevant degree plus a postgraduate relevant degree, that is, AQF7 + eight relevant subjects, should result in seven FASEA credits. By comparison, we note that an AQF7 relevant degree + AQF6 Advanced Diploma of Financial Planning results in seven FASEA credits (noting that these qualifications were typically completed many years ago).

From SAFAA's perspective, this discrepancy embeds further the significant discrimination against those in the securities and derivatives industry. Despite having acquired two degrees at AQF7, 8 and 9 levels (depending on the qualification), our members with a relevant degree and relevant postgraduate degree will have to complete one more subject than those who have completed a relevant degree and the Advanced Diploma of Financial Planning.

This discrimination is apparent when it is seen that the only degrees approved by FASEA are those in financial planning or with financial planning majors. These degrees are not awarded by the universities that are ranked in the global top 100. Our industry has always attracted graduates from Australia's universities that are ranked in the global top 100. The majority have degrees in finance, economics, commerce and law while others who have made valuable contributions have qualifications in engineering, science and medicine, to name but a few.

Yet under the FASEA regime, none of these degrees are a FASEA-approved degree, while all financial planning degrees are approved. Therefore, in order to remain or enter the industry, any graduate with a finance, economics, commerce or law degree from a top globally ranked university is considered less qualified to be a stockbroker or investment adviser than a graduate in financial planning; and the graduate from the top globally ranked university with relevant qualifications will have to complete an unrelated second Graduate Diploma in financial planning before they can remain in or enter the investment industry.

There are serious consequences to this, one of which is that top graduate talent is being deterred from entering our profession, to the detriment of investors. The lack of current Professional Year provisional advisers clearly demonstrates this.

We understand that FASEA will point to the establishing legislation to note that it is implementing government policy and that it has no power to change that framework. However, the establishing legislation refers to financial advisers. The emphasis on financial planning in decisions concerning education standards and pathways belongs to FASEA. It indicates a lack of understanding of how securities and investment advice, execution services and equity capital-raising for Australian investors is a different service from financial planning.

SAFAA is firmly of the view that the lack of representation on the FASEA Board of experience in retail stockbroking and the preponderance of representation on the FASEA Board of experience in financial planning or academic studies in financial planning has contributed to the distortion in the understanding of the spectrum of advice captured under the term 'financial advice'.

We fully support our members having educational qualifications. However, those qualifications need to be suitable to and specialised for a profession in securities and investment advice. We urge the Board of FASEA to recognise that this differs from financial planning advice and that the relevant education qualifications in turn need to accommodate this.

Recommendations

We recommend that the proposed amendments in the Draft Amendments be changed to provide for a relevant degree plus a postgraduate relevant degree, that is, AQF7 + eight relevant subjects, resulting in seven FASEA credits.

We further recommend that finance, economics and commerce degrees from top globally ranked universities be approved degrees, not relevant degrees.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Fox', with a stylized flourish above the 'x'.

Judith Fox
Chief Executive Officer