

28 July 2021

Email: consultation@fasea.gov.au

Mr Stephen Glenfield
CEO
Financial Adviser Standards and Ethics Authority
133 Castlereagh Street
SYDNEY NSW 2000

Dear Stephen

DRAFT AMENDMENTS TO THE EDUCATION LEGISLATIVE INSTRUMENT

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 that 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.

Thank you for the opportunity to provide feedback on the draft amendments to the Education Legislative Instrument that update the course list to include a number of current and historic degrees and bridging courses.

SAFAA strongly supports professional and educational standards. We consider it important that the list of approved degrees and bridging courses is constantly updated to take into account the courses and degrees that are appropriate for new and existing financial advisers.

Accordingly we support the draft amendments but make the following points.

In spite of the Corporations Act not requiring financial planning qualifications to be the only approved courses for financial advisers, as well as continual requests from us that courses more appropriate for stockbrokers and investment advisers be included, all approved courses on the Legislative Instrument at present are degrees in financial planning or with financial planning majors (with the exception of all bachelor degrees from the University of NSW that include specified subjects as long as they were undertaken after 1 January 2019). We would point out that a degree undertaken after 1 January 2019 is unlikely to be a helpful addition to the list for a stockbroker or investment adviser who has been working in the industry for 30 years and has a bachelor of commerce from the same university awarded in the 1980's.

Despite our numerous submissions, FASEA has refused to approve courses in commerce, economics, business and finance (unless they contain majors in financial planning), despite the fact that these qualifications are the ones most suitable to a profession in stockbroking and investing. We have numerous case studies of advisers from a range of different firms who have significant undergraduate and postgraduate education qualifications in commerce, economics, finance and business (without financial planning majors) from Australia's most established universities who are required to undertake a minimum of three additional units of study (plus ethics) because their qualifications have not been approved.

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. 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 unrelated tertiary qualifications before they can remain in or enter the investment industry.

We consider that the failure to include degrees and courses that are suitable for stockbrokers and investment advisers evidences FASEA's lack of understanding about what stockbrokers and investment advisers do and importantly, how that differs from financial planning. It has led to a 'one-size-fits-all' approach to financial advice that ultimately disenfranchises retail investors. FASEA has treated all financial advisers as financial planners, notwithstanding the differences between the financial planning advice model where advice is provided on all aspects of a client's financial circumstances and stockbrokers and investment advisers who provide scaled advice on a client's investments and shares. They are different forms of advice serving different client needs.

We urge FASEA to take a commonsense approach to education qualifications and amend the relevant Legislative Instrument to include current and historic bachelor degrees in economics, commerce, finance and business and recognise that financial planning degrees and postgraduate diplomas are not the foundation education for the entire advice industry. Financial planning is already a specialisation, as are stockbroking and investment advice. The current FASEA approach to financial adviser education will result in detriment to retail investors, who will increasingly be left with the choice of either DIY trading online with no advice or advice from a financial planner who has minimal direct expertise in listed investments and markets. Australian retail investors deserve better.

In light of the impending disbanding of FASEA and transfer of its functions, SAFAA will also engage with the Minister on the degrees that should be added to the approved list to ensure that stockbrokers and investment advisers are no longer discriminated against.

If you require additional information or wish to discuss this submission in greater detail please do not hesitate to contact SAFAA's policy manager, Michelle Huckel, at michelle.huckel@stockbrokers.org.au.

Kind regards

A handwritten signature in black ink, appearing to be 'JF' with a large 'x' below it.

Judith Fox
Chief Executive Officer