



3 May 2023

By email: FinancialAdvice@treasury.gov.au

Andre Moore
Assistant Secretary
Advice and Investment Branch
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Mr Moore

EDUCATION STANDARDS FOR EXPERIENCED FINANCIAL ADVISERS AND TECHNICAL FIXES FOR NEW ENTRANTS

The Stockbrokers and Investment Advisers Association (SIAA) 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.

The history of the stockbroking profession in Australia can be found [here](#).

Introduction

SIAA welcomes the government's release of the Bill introducing the experienced pathway for financial advisers and the opportunity to provide feedback on the exposure draft. SIAA supported the Minister's pre-election commitment that experience should be the equivalent of a degree and the experienced pathway put forward during the September 2022 Treasury consultation. At that time we strongly recommended that the government implement the proposed changes on an urgent basis.

SIAA's Board met with the Minister and the Treasury team in March 2023 emphasising the threat that the current education standards pose to the financial advice industry in general and the stockbroking and investment profession in particular and sought certainty that the experienced pathway would be implemented on an urgent basis. We stressed that firms, stockbrokers and investment advisers are making plans now in relation to exiting the profession and a further exodus of experienced advisers was probable without draft legislation confirming the experienced pathway as they cannot wait for legislation to be tabled later in the year.

The majority of experienced stockbrokers and investment advisers have to complete three to eight units, given their existing qualifications are not approved. Most stockbrokers and investment

advisers put their education on hold in light of the Minister's election commitment to introduce an experienced pathway and an expanded qualification pathway. For advisers who have to study six to eight units, unless they commence or recommence study for those units now, they will not be able to complete them in time to meet the deadline.

Their decision was not because they do oppose education. They strongly support education. Formal education has been required for stockbrokers since 1960. However, many experienced stockbrokers and investment advisers are unwilling to undertake multiple units of study in financial planning — the only approved education under the FASEA regime — as it is unrelated to their profession. Without recognition of their prior learning and experience, they will be forced to retire from the profession. Thousands more clients will be orphaned and the number of advisers available to Australians seeking advice will decline further.

Our members are very pleased that they have finally been provided with certainty that the experienced pathway will be introduced and the form it will take SIAA commends the government for both:

- aligning the law to the explanatory memorandum accompanying the original legislation, that provided for recognition of prior learning, and
- supporting experience instead of denigrating it, which was the FASEA approach.

Executive summary

- SIAA warmly welcomes the implementation of the government's pre-election commitment to remove tertiary education requirements for financial advisers who have passed the adviser exam, have 10 years' experience and a clean record of financial advice practice. The Bill represents a common-sense policy that needs to be introduced quickly.
- The experienced pathway is not a 'carve out' or a watering down of consumer protections. It is an acknowledgement that the current education standards developed by FASEA do not work and that its one-size-fits-all approach has been a failure.
- The 10-year experienced pathway is extremely important for many of our members, not because they have no qualifications but because their qualifications are not considered to be 'approved' degrees by FASEA.
- We welcome the extension of the experienced pathway cut-off date to 31 December 2021. This captures the experience of those advisers who provided stockbroking and investment advice during the period of market volatility caused by the COVID-19 pandemic, which also provided lived experience in volatile economic conditions.
- We know that certain stakeholders will persist in lobbying for a sunset clause to the experienced pathway. SIAA strongly opposes any provision introducing a sunset clause that would require advisers who qualify for the experienced pathway to undertake further tertiary education. Such a sunset provision is inconsistent with the Minister's election commitment, as it simply moves the FASEA 2026 deadline to a later date, defeating the very purpose of the experienced pathway which is to retain existing advisers who have developed significant, specialised knowledge through significant on-the-job experience. We hope that the release of the Bill will finally put to bed calls for a sunset clause.
- We commend the government on the provisions concerning the clean disciplinary record. The process of accessing the pathway should be as straightforward and simple as possible.

- We support the self-declaration and notification provisions as a practical way for an adviser to prove they have 10 years' full-time-equivalent experience. Mandated, complex and cumbersome administrative processes are unnecessary. It is also important that the adviser is responsible for declaring that they meet the experienced pathway and is held accountable for that declaration.
- Once the Bill has passed, existing advisers should be able to access the pathway and make their self-declaration to their licensee immediately. ASIC should be directed to provide a mechanism as soon as possible for lodgement of notices by licensees to qualify the advisers.
- While we support the provisions of the Bill that provide a technical fix for new entrants, we note that they do nothing to address the larger issue of the new entrant pathway. A more flexible new entrant pathway is needed as a matter of urgency.
- Existing advisers who do not meet the experienced advisers' criteria also need to be dealt with as part of consultations for the new entrant pathway.

Our detailed response is below. We provide our responses to the Bill in the first instance and then provide the background to why we so strongly support the experienced pathway and why it addresses the discrimination against both prior learning and experience that FASEA introduced.

Experienced pathway

10 years' experience during the period 1 January 2007 to 31 December 2021

SIAA warmly welcomes the bill implementing the government's pre-election commitment to remove tertiary education requirements for financial advisers who have passed the exam, have 10 years' experience and a clean record of financial practice. The effect of this change will ensure that experienced stockbrokers and investment advisers can continue in their chosen careers, provide for their families and continue to take pride in their years of experience, knowing it is finally being recognised and valued. They will also be the mentors of the next generation of stockbrokers and investment advisers. Importantly, their clients will not be orphaned but will continue to benefit from their relationship with their adviser and emerging Australian businesses will continue to be able to seek support from retail investors. Retail investors will continue to be able to benefit from success stories such as CSL.

SIAA considers that the Bill represents common-sense policy and looks forward to it being introduced quickly. It is heartening that the government is addressing the 'hot mess' caused by the previous mishandling of professional qualifications. We agree with the Minister that 'By treating seasoned, respected advisers like undergraduates, the previous Coalition government drove much-needed experience out of the industry without addressing quality of advice standards'. We note that it was FASEA that deemed skills, knowledge and experience of our members unsuitable for recognition and would not recognise years of CPD as prior learning. This was not the intent of Parliament.

The experienced pathway also recognises the quality of the supervision and monitoring of advisers.

We do not consider that the introduction of the experienced pathway represents a 'watering down' of professional standards or a reduction in consumer protection. The experienced pathway recognises our members who have tertiary or other relevant qualifications that do not satisfy the existing financial planning-centric parameters mandated by FASEA. It also recognises our members'

experience, CPD and training conducted over that time. Most stockbrokers and investment advisers have undertaken an ethics course as part of their preparation for the National Adviser Exam.

Had FASEA better fulfilled its mandate and incorporated recognised prior learning and a more flexible approach to qualifications, the government would not have been forced to act to implement the experienced pathway.

Without access to stockbroking or investment advice, retail investors are left to DIY investing online. There is significant research about the lack of financial literacy in the Australian population and DIY investing is not suitable for many investors. Moreover, not all individuals classed as retail want to undertake investing on a DIY basis and they should not be driven to it by education standards that reduce the capacity of stockbrokers and investment advisers to provide personal advice to them.

Consumers will continue to be protected under the proposals, given the stringent regulatory framework within which financial advisers operate.

We note that the previous consultation provided for the experience window to be 10 years between 1 January 2004 and 1 January 2019. The 1 January 2019 cut-off date would actually require an adviser to have least 14 years' experience to qualify. We previously recommended that the experienced pathway cut-off date should be extended from 1 January 2019 to 1 January 2021 to capture the experience of those advisers who provided stockbroking and investment advice during the period of market volatility caused by the COVID-19 pandemic.

We are pleased that the government has accepted our arguments and extended the cut-off date to 31 December 2021 to capture this experience.

The problems with a sunset clause

We know that certain stakeholders will persist in lobbying for a sunset clause to the experienced pathway after which time advisers will be unable to advise retail clients if they have not completed mandated additional tertiary education.

We note that a sunset clause has never been part of the Minister's proposal and we commend the Minister for resisting calls for a sunset clause to be included in the bill. We hope that the exposure draft bill will finally put to bed calls for a sunset clause.

It is inconceivable that advisers who have qualified via the experienced pathway would be required to undertake further tertiary education in order to remain in the profession after a period of time – this would be totally inconsistent with and would undermine the Minister's election commitment. It would also defeat the purpose of introducing an experienced pathway in the first place. The Minister's commitment on more than one occasion is that ten years' experience is the equivalent of a degree.¹

¹ Alex Vikovich, 'Labor dumps uni degree for advisers with 10 years of experience', *AFR*, 9 December 2021: "We're going to assume that that ten years plus experience is worth at least a degree. We're going to treat you like professionals."; Maja Garaca Djurdjevic, 'Labor promises to scrap university degree for experienced advisers', *ifa*, 9 December 2021: "The Labor government will not ask you to take a bachelor's degree to keep your qualifications. We're going to assume that 10 years of experience is worth at least a degree."; Jassmyn Goh, 'Labor Govt would abandon uni requirement for advisers with 10 years', *Money Management*, 9

Currently, advisers are required to satisfy the FASEA-imposed education requirements or cease providing advice to retail clients by 1 January 2026. Imposing a sunset clause on the experienced pathway to say, 1 January 2032, would essentially only move the drop-dead date by six years for experienced advisers. It essentially represents a replication of the current FASEA regime but with a later expiration date – it is ‘kicking the FASEA can down the road’. This is not the basis of an experienced pathway. An experienced pathway is meant to acknowledge the experience, qualifications and knowledge of existing advisers – not string them along for another period of time and impose mandated tertiary education requirements upon them in a different guise.

A sunset clause also ignores the obvious fact that in 10 years’ time an adviser will have 10 years’ more experience, training and CPD and will be an even more valuable member of the stockbroking and investment advice profession than they are now.

It would also be inconsistent with the treatment of experienced professionals in fields such as nursing and law. In those two professions tertiary qualifications were introduced as a mandatory requirement, but existing nurses and those lawyers who had joined the legal profession via the articulated clerk pathway were not required to ‘go back to school’ to continue working. It was considered highly desirable to retain these experienced nurses and lawyers, while requiring all new entrants to be degree qualified.

As we have stated previously, **many of our members already have tertiary and other appropriate qualifications and are highly qualified – it is just that these qualifications have not been approved under the current regime.** We have consistently argued that it is important that the experienced pathway not be used to introduce a punitive element, that disallows them from practising their profession in the future, when the aim has been to retain experienced advisers.

We note that certain stakeholders continue to raise concerns that someone in their mid-30s could take advantage of the experienced pathway and not be required to undertake further study. We continue to make the point that in the stockbroking and investment advice profession, no graduate would ever come straight out of university and be put before a client. They spend time in back-office roles, in research or corporate finance and as a dealer’s or desk assistant to develop a strong understanding of equity capital markets and they only become an adviser after considerable time in these roles. This argument is a ‘straw man’ and does not stand up to meaningful scrutiny.

We recommend that if other advice associations representing financial planners wish to apply a sunset clause to the members of their professional associations they should be allowed to do so. However, education standards best suited to financial planners should not again be mandatorily imposed on other members of the advice profession when those standards do not suit the advice service that is being provided.

A clean disciplinary record

We commend the government on the provisions concerning the clean disciplinary record. Advisers qualifying for the experienced pathway are not somehow accessing ‘favourable arrangements’ that should only be available to ‘exemplar advisers’. The introduction of the experienced pathway is a

December 2021: “And it’s treating mid-career professionals like undergraduates. We need a system that recognises the wealth of knowledge held by experienced advisers.”

recognition that the FASEA approach to existing advisers has been a failure and not fit for purpose. The process of accessing the pathway should be as straightforward and simple as possible.

We are pleased that the bill sets out a straightforward and sensible process for declaring a clean disciplinary record. It is appropriate the financial adviser makes a self-declaration confirming that they have met all the criteria to be an experienced provider, given that they are bound by the Code of Ethics. It is important that the adviser is responsible for declaring that they meet the experienced pathway and is held accountable for that declaration.

The 31 December 2021 record date acknowledges that disciplinary issues after that date will be dealt with by the Single Disciplinary Body, that has significant powers including the power to direct financial advisers to undertake specified training.

It is also appropriate that the licensee provides a written statement to the effect that the adviser has met the education and training standard because they are an experienced adviser. Licensees have requirements under the Corporations Act to ensure their staff are adequately trained and competent and to do all things necessary to ensure their financial services are provided efficiently, honestly and fairly. These licensee obligations are significant and ongoing. SIAA's members have always had a requirement to conduct employment screening of new advisers². The reference checking obligations introduced in October 2021 means that licensees will have a clear view of the experience and disciplinary record of advisers brought on since that date.

We consider it highly unlikely that any of our member firms will have any advisers without a clean disciplinary record as our members are required to operate to a high standard. Licensees already consider these matters as they do not want unethical advisers in their business. We reiterate that none of these advisers will be 'new' advisers. They will have had over 10 years' experience as a financial adviser.

Any concerns expressed by other stakeholders about how to determine whether an adviser has a 'clean disciplinary record' are overblown in this context. Mandated, complex and cumbersome processes to determine this are both unnecessary and fail to take into account the reality of the advice profession. Many of the longstanding advisers have been employed by the same firm for many years, and the exercise of considering a clean disciplinary record will be relatively simple.

Notification to ASIC

We support the process set out in the Bill that holds the licensee responsible to update the Financial Adviser Register (FAR) to show that an adviser has met the experienced adviser pathway. This mirrors the current regime where licensees are responsible to update the FAR and also provides an oversight mechanism for the licensee.

The deadlines for qualifying for the experienced adviser category have already passed, that is, 10 years' experience and a clean disciplinary record as at 31 December 2021. The cohort of advisers who want to access the experienced pathway is known today and will not change between now and 1 January 2026 (save for those who would otherwise retire or leave the profession). Our members consider that once the Bill has passed, existing advisers should be able to access the pathway and

² ASIC Regulatory Guide 104, paragraph 104.71.

make their self-declaration to their licensee immediately.

We also strongly recommend that ASIC should be directed to provide a mechanism for lodgement of notices by licensees to qualify the advisers as soon as possible. In other words, licensees should be able to lodge the notices as soon as ASIC can accept them. While we recognise that ASIC will need to make system changes to provide for the relevant field on the FAR, it is important certainty is provided to advisers, so they can get on with their lives and also to ensure that bulk registrations are not attempted at the last minute by multiple licensees, with all of the risks attached to that, which would occur if the field is introduced by ASIC near the deadline.

We confirm from our discussion at the Treasury roundtable on 26 April 2023 that:

- Advisers are deemed to have satisfied the experienced pathway once they have completed their self-declaration. Updating the register is the administrative part of the process. A failure by the licensee to update the register attracts penalties for the licensee, but does not revoke the adviser's authorisation or attach any penalties to the adviser.
- Licensees do not have to wait until 1 January 2026 to lodge the notice – they can do this as soon as ASIC has made arrangements for this to be done.

We recommend that the Explanatory Memorandum be amended to clarify this, as it was not clear to us that licensees did not have to wait until 1 January 2026 to lodge the notices with only 30 business-days to register all experienced advisers.

Technical fixes for new entrants

SIAA supports the provisions of the Bill that provide a technical fix for new entrants. We confirm from our discussion at the Treasury roundtable on 26 April 2023 that the obligation will lie with the new entrant to apply for evidence from the education provider that they have satisfied the conditions.

We note that these provisions are limited to providing a 'quick fix' for those who have studied courses on the approved list and do nothing to address the larger issue of the new entrant pathway.

The fact that government is having to provide for a 'band-aid' fix is ample evidence of the fact that the current approach taken in the Legislative Instruments is neither sensible nor sustainable.

Accordingly, we look forward to hearing further from Treasury shortly on a more flexible new entrant pathway in accordance with the consultation conducted in September 2022.

We wrote to Treasury last month providing information that our members are finding that the pipeline for new entrants has collapsed. The education standards are acting as an impediment to those entering the industry with the commerce, finance, economics and business degrees that our members require from the sandstone universities. When these candidates are told that they have to complete a financial planning diploma in order to commence a professional year in stockbroking and investment advice, many of them walk away.

The situation is particularly acute in Western Australia. The majority of new entrants to stockbroking and investment advice firms in Perth have traditionally had a qualification (typically the Bachelor of Commerce) from the University of Western Australia. FASEA did not approve this course. In fact,

FASEA did not approve any courses from the University of Western Australia. Firms in Western Australia can only source degree-ready candidates from one university within that state — a financial planning degree from Curtin University.

A more flexible new entrant pathway is therefore a matter of urgency.

Existing advisers who don't qualify for the experienced pathway

We note that the Bill does not deal with the issue of existing advisers who do not meet the experienced advisers' criteria. These advisers are required to meet at most an approved eight-unit graduate diploma (or equivalent) by 1 January 2026. This means that they are required to undertake tertiary study in subject areas that, unless they are financial planners, are not relevant to the services they offer clients. This discriminates against those in the stockbroking and investment advice profession, given they are expected to allocate time and costs to study unrelated to the financial advice service they provide. The new entrant pathway will be an opportunity to cease this discrimination. Again, we note that the associations representing the financial planning profession can mandate further tertiary study for their members, but the law should not mandate that such study be imposed on other financial advice professions.

SIAA recommends that existing advisers who do not meet the experienced advisers' criteria who have:

- passed the national adviser exam
- completed an ethics unit, and
- hold a tertiary qualification

should be able to continue in their profession without having to do further unrelated tertiary study.

Background

Stockbroking has been in existence since the coffee houses of London and Amsterdam. Those providing investment advice are not 'salespeople', but professionals with a history that goes back centuries (we have provided a link to the history of stockbroking in Australia earlier in this submission). The profession has made an incredible contribution to Australia's economic strength, not only in terms of personal wealth creation, but also in all-important equity formation for Australian companies, ranging from CSL, BHP and CBA down to the smallest and smartest technology and science successes.

SIAA supports professional and educational qualifications for financial advisers, but we have long advocated that they should accommodate consumer preferences for specialist advice for different needs. This was not the FASEA approach, which was 'one-size-fits-all'. This remains the existing professional standards approach even with the disbanding of FASEA.

The challenge that this approach poses for the financial advice ecosystem is two-fold. The current education standards are so narrow that new entrants are not being attracted to advisory roles, while experienced advisers are exiting due to not having their experience and prior learning recognised. This means the financial advice ecosystem is unsustainable and fewer Australians can access financial advice, with only 10 per cent of the population now receiving financial advice.

The challenge that the existing professional standards approach poses for the stockbroking and investment advice sector in particular demonstrates these negative impacts. There are many existing advisers with degrees and qualifications that are currently not approved.

One-size-fits all approach to education

In developing the current education standards, FASEA 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. The current professional standards do not recognise different forms of advice serving different client needs.

SIAA's members are highly educated and highly qualified, but FASEA only approved degrees in financial planning or with financial planning majors (with the exceptions being a wealth management Bachelor's degree and a Master's of Commerce from UNSW). This is in spite of the Corporations Act not requiring financial planning qualifications to be the only approved courses for financial advisers. The legislation requires a 'degree equivalent'. The FASEA board narrowed the scope of the approved qualification, which means that SIAA members with degrees in commerce, economics, finance and business from top tier universities — the degrees most suitable for a career in stockbroking and investment advice — are currently required to undertake unrelated financial planning diplomas in order to continue to provide investment advice.

FASEA's board, that included financial planning academics who had compiled the curriculum for the Financial Planning Association (FPA) and sat on its education council, simply adopted the FPA curriculum for FASEA, thus excluding education qualifications suitable to all other financial advisers who are not financial planners. The issuers of the degrees approved by FASEA did not have to apply to FASEA for their courses to be approved. With FASEA viewing all degrees through the narrow lens of financial planning, its process of approving degrees was deeply flawed from the beginning as it was skewed towards only one form of financial advice. FASEA rigidly applied this template to compile lists of degrees that fitted a financial-planning-centric approach.

Degrees in economics, finance, commerce and business from all Australian universities, but particularly those from universities rated in the global top 100 – qualifications which until now have been considered most suitable to a profession in investing – were never approved by FASEA. They were only considered to be 'relevant' degrees, the individual units of which count towards a FASEA-approved degree. FASEA refused to approve degrees other than those in financial planning and stated that the universities must apply to FASEA for their degree to be considered as an approved course, despite the fact that the universities with degrees included in the FPA curriculum did not need to apply for approval. Our members have informed us that some of their advisers approached established universities and asked for their economics and business degrees to become FASEA-approved. The universities concerned advised that they would not go through the FASEA-accreditation process. This highlights that universities themselves doubted the FASEA-approval process and considered they should not have to apply for further approval of their courses.

Degrees best suited to stockbroking and investment advice

FASEA's impoverished understanding of the applicability of degrees that are appropriate to the

provision of investment advice is illustrated by the fact that universities confirm for potential students that degrees in commerce, finance, economics and business are suitable for those interested in a career in stockbroking and investment advice.

This is because these degrees ensure that stockbrokers and investment advisers can:

- regularly monitor company balance sheets
- undertake sector analyses
- understand the growth and value opportunities of entities listed on the Australian and global exchanges, and
- consider micro and macro factors domestically and globally that may influence equity investment decisions.

These degrees prepare graduates to provide advice on buy/sell/hold recommendations in relation to investments in listed entities. These are not activities undertaken by financial planners and constitute a fundamentally different expertise than that required to give structuring, taxation or superannuation advice that is central to financial planning. The fact that FASEA did not understand the applicability of these degrees to stockbroking and investment advice confirms its lack of understanding of the financial advice ecosystem and its bias to financial planning.

We have case studies of advisers from a range of different firms who have significant undergraduate and postgraduate education qualifications in commerce, economics, finance and business from Australia's most established universities who are currently required to undertake a minimum of three additional units of study (plus ethics) because their qualifications do not appear on the list of approved degrees.

Of course, another perverse issue that arises from this approach is that, because most degrees in financial planning have been introduced only recently, FASEA's list of 'approved' degrees only contained relatively new courses. For example, as a result of its consultation in 2021 on amendments to the education legislative instrument to update the course list, FASEA added all bachelor's degrees from the University of NSW that include specified subjects as long as they were undertaken **after 1 January 2019**. We pointed out to FASEA at that time 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 1980s. Again, FASEA refused to take this into account.

This approach of micromanaging degrees and creating long lists of degrees in legislative instruments has created complexity, confusion and frustration for advisers trying to work out if their degrees are 'approved' degrees or merely 'relevant' degrees. The current system essentially uses a 'black box' approach.

This is why the 10-year experienced pathway is so important for many of our members. It is not that they have no qualifications – it is that their qualifications were never considered to be 'approved' degrees by FASEA.

This shrinking pool of available advisers impacts on the availability and affordability of advice in investment in equity markets and takes place at the same time as retiring baby boomers come into their superannuation and a \$3.5 trillion of wealth is transferred between generations over the next

two decades.³ This will be detrimental to retail investors, who will increasingly be left with the choice of either DIY trading online with no advice, or receiving advice from a financial planner who has minimal direct expertise in listed investments and markets. It is a common misapprehension that financial planners are investment experts. They are not. They outsource investment decisions to stockbrokers (particularly for SMSFs) and managed funds.

Failure to recognise stockbrokers and investment advisers

Despite stockbroking having been in existence for centuries, in its public statements about professionalism, FASEA refused to acknowledge our members' profession. It is difficult to imagine another scenario whereby a body set up to implement professional standards refused to recognise an existing profession. We note that financial planning has been in existence for some decades only. While we understand the desire of FASEA to embed professional standards in this recent form of financial advice, there is no excuse for its refusal to recognise a centuries-old profession and to conflate it with a different advice service.

The references by FASEA to advisers being 'salespeople' with a few hours of RG146 training as a rationale for why experience should not equate to a degree reveals a profound ignorance of the stockbroking and investment advice sector. Stockbroking is highly regulated, governed by the ASIC Market Integrity Rules and the operating rules of the various market operators such as ASX, Cboe, NSX and SSX as well as the Corporations Act. The Market Integrity Rules cover the operation of Market Participants and their representatives, client relationships, trading and capital requirements. Stockbrokers also have exceptionally high capital adequacy requirements. ASIC has a dedicated Market Supervisory Division.

The requirement to keep abreast of regulatory and compliance matters, as well as to behave ethically, has been a constant for those in the stockbroking profession for a very long time. Stockbrokers have been required to undertake education since 1960. Experience means that the adviser has decades of education and CPD under their belt. To say that this counts for nothing shows a lack of understanding of the importance of CPD in maintaining professional standards. Financial advisers are required to undertake 40 hours of CPD per year. By way of comparison, lawyers in NSW are required to undertake 10 hours of Continuing Legal Education per year. SIAA's members are legally required to ensure their advisers are adequately trained and undertake CPD and many provide their own in-house training and CPD, with specialist staff employed to manage this. SIAA also provides a high standard of CPD through webinars and events, as well as accredited education courses.

Moreover, experienced stockbrokers and investment advisers have not only completed the national adviser exam, but also navigated a number of market corrections (for example, the crash of 1987; the Asian financial crisis of 1997; the global financial crisis of 2008). A degree does not and cannot provide this deep and practical experience. Experienced stockbrokers and investment advisers have been through cycles of market volatility and are the steady hand to make sure their clients do not make the sorts of emotional choices that can lead to bad investment outcomes when markets

³ Productivity Commission, *Wealth transfers and their economic effects: Research paper*, November 2021

correct. They will be the mentors of the next generation of stockbrokers and investment advisers who have not yet experienced market downturns.

Indeed, the impact of COVID-19 in 2020 resulted in extraordinary market volatility, through which experienced stockbrokers and investment advisers steered their clients safely, proving their competence and ethics as advisers. To conflate this level of experience with being a 'salesperson' is a particularly blinkered view of the world.

FASEA's failure to recognise previous experience and CPD is inconsistent with the 2017 Professional Standards Bill explanatory memorandum requiring the FASEA education standard to address: "For the avoidance of doubt, the new law explicitly states that courses undertaken before the new law commences must be taken into consideration. The body may take into account diploma or degree courses, licensee training courses or CPD."

Conclusion

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

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