

Submission Reference: 2016/01

4 January 2016

Lifting the professional, ethical and education standards in the financial services industry

Treasury sought feedback on exposure draft legislation on measures to raise education, training and ethical standards for financial advisers.

Under the draft legislation:

- New financial advisers will require a degree, undertake a professional year and pass an exam
- The Government will recognise an independent industry-established standard setting body, operational from 1 July 2016, that will develop and set education standards, professional year requirements, continuing professional development requirements and develop a comprehensive code of ethics for financial advisers.
- Existing advisers will be provided a transition process and will be required to complete an appropriate degree equivalent (or have a recognised transition pathway determined by the independent standard setting body) and pass an exam.
- All advisers both new and existing will be required to undertake continuing professional development (CPD) and be party to a code of ethics.
- The new education and training requirement will be effective from 1 July 2017, with the code of ethics requirements coming into force from 1 July 2019.

In our submission ASFA strongly supported lifting the professional, ethical and education standards of financial advisers and in particular supported the introduction of a code of ethics.

We did raise some concerns with various aspects of the exposure draft legislation which included (amongst other things):

- The difficulties associated with the requirement that existing financial advisers be degree qualified
- Transitional timeframes for new and existing advisers
- The need for more flexible arrangements for advisers who are only permitted to provide intra-fund advice
- The need for further consultation on the code of ethics