

Recommendations

Recommendation 1

2.24 The committee recommends that the term 'general advice' in the *Corporations Act 2001* be replaced with the term 'product sales information' to better reflect the nature of that information.

Recommendation 2

2.27 The committee recommends that the term 'personal advice' in the *Corporations Act 2001* be replaced with 'financial advice' to better reflect the nature of that advice.

Recommendation 3

2.28 The committee recommends that to provide 'financial advice' an individual must be registered as a financial adviser.

Recommendation 4

2.44 The committee recommends that the government should bring forward legislation to protect the titles 'financial adviser' and 'financial planner' and require that to be eligible to use the title 'financial adviser', an individual must be registered as a financial adviser.

Recommendation 5

2.57 The committee recommends that the register of financial advisers:

- include the information fields detailed in the government's announcement of the register on 24 October 2014;
- have a unique identifier that follows every individual adviser throughout their career;
- only list financial advisers on the register when a professional association (which has been approved by the Professional Standards Councils) advises that the adviser has completed the requirements of the Finance Professionals' Education Council approved professional year and passed the registration exam;
- record any higher qualification awarded by a professional body to the adviser;
- annotate any censure or limitation placed on a financial adviser by a professional body, Australian Securities and Investments Commission or Australian Financial Service Licence holder; and

- **highlight that an adviser is no longer authorised to provide financial advice if the adviser has their membership of the nominated professional body suspended or revoked.**

Recommendation 6

2.81 The committee recommends that the government consider proposals to increase fees for organisational licensees to reflect the scale of their financial advice operations, in the context of a broader review of ASIC's fees and charges.

Recommendation 7

3.42 The committee recommends that:

- **the mandatory minimum educational standard for financial advisers should be increased to a degree qualification at Australian Qualification Framework level seven; and**
- **a Finance Professionals' Education Council should set the core and sector specific requirements for Australian Qualifications Framework level seven courses.**

Recommendation 8

3.60 The committee recommends that ASIC should only list a financial adviser on the register when they have:

- **satisfactorily completed a structured professional year and passed the assessed components; and**
- **passed a registration exam set by the Finance Professionals' Education Council administered by an independent invigilator.**

Recommendation 9

3.76 The committee recommends that the government require mandatory ongoing professional development for financial advisers that:

- **is set by their professional association in accordance with Professional Standards Councils requirements; and**
- **achieves a level of cross industry standardisation recommended by the Finance Professionals' Education Council.**

Recommendation 10

3.97 The committee recommends that the professional associations establish an independent Finance Professionals' Education Council that:

- **is controlled and funded by professional associations which have been approved by the Professional Standards Councils;**
- **comprises a representative from each professional association (which has been approved by the Professional Standards Councils), an agreed number of academics, at least one consumer advocate, preferably two who represent different sectors and an ethicist;**
- **receives advice from ASIC about local and international trends and best practices to inform ongoing curriculum review;**
- **sets curriculum requirements at the Australian Qualifications Framework level seven standard for core subjects and sector specific subjects (e.g. Self-Managed Superannuation Fund services, financial advice, insurance/risk or markets);**
- **develops a standardised framework and standard for the graduate professional year to be administered by professional associations;**
- **develops and administers through an external, independent invigilator a registration exam at the end of the professional year; and**
- **establishes and maintains the professional pathway for financial advisers including recognised prior learning provisions and continuing professional development.**

Recommendation 11

4.33 The committee recommends that professional associations representing individuals in the financial services industry be required to establish codes of ethics that are compliant with the requirements of a Professional Standards Scheme and that are approved by the Professional Standards Council.

Recommendation 12

4.53 The committee recommends that financial sector professional associations that wish to have representation on the Finance Professionals' Education Council and to be able to make recommendations to ASIC regarding the registration of financial advisers, should be required to establish Professional Standards Schemes under the Professional Standards Councils, within three years.

Recommendation 13

4.56 The committee recommends that any individual wishing to provide financial advice be required to be a member of a professional body that is operating under a Professional Standards Scheme approved by the Professional Standards Councils and to meet their educational, professional year and registration exam requirements.

Recommendation 14

4.65 The committee recommends that government require implementation of the recommendations in accordance with the transitional schedule outlined in the table below.

Transitional arrangement and timeframes	Date
Provisional registration (available to existing financial advisers from the implementation of the proposed government register until 1 Jan 2019 to address the goal of transparency)	Mar 2015
Finance Professionals' Education Council established	1 Jul 2015
FPEC releases AQF-7 education standards for core and professional stream subjects	Jun 2016
Establishment of codes of ethics compliant with Professional Standards Scheme guidelines	Jul 2016
FPEC approved AQF-7 Courses available to commence	Jan 2017
FPEC releases recognised prior learning framework (dealing with existing advisers and undergraduates who commence AQF-7 courses prior to Feb 2017)	Jul 2016
FPEC releases professional year requirements including a recognised prior learning framework for existing advisers	Jul 2016
Professional associations operating under PSC Professional Standards Schemes	1 Jan 2017
Target date for existing financial advisers to qualify for full registration	1 Jan 2018
Cut-off date for full registration - provisional registration no longer available	1 Jan 2019