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MEDIA RELEASE – FSC WELCOMES THE INTRODUCTION OF NEW PROFESSIONAL STANDARDS FRAMEWORK FOR FINANCIAL ADVISERS

The Financial Services Council welcomes today’s introduction of legislation establishing a new professional standards and education framework for financial advisers.

The FSC has strongly supported this initiative and is pleased that the FSC’s proposal for the establishment of a new independent standards setting body, recognised in legislation, has been adopted. The reforms call for:

- compulsory education requirements for new and existing advisers;
- new advisers to complete a professional year;
- all advisers to pass an exam; and
- obligations under a code of ethics

Importantly the reforms also enshrine the terms ‘financial adviser’ and ‘financial planner’ in law.

With the introduction of this legislation the Government is delivering on its commitment to mandate professional standards for financial advisers for the benefit of consumers.

The new framework will commence on 1 January 2019, providing the necessary time to establish the new standards setting body. It will also give existing advisers time to complete the new exam (before 1 January 2021) and reach degree-equivalent status (before 1 January 2024), which is key to helping more than 23,000 advisers transition to the new professional standards framework.

The Government has also announced it will take steps to develop an ongoing industry funding model for the body. The FSC supports a sustainable funding model being established expeditiously. As a key part of a profession, it is important that those governed by the body help to fund it via a financial adviser funding mechanism.

FSC CEO Sally Loane said: “Raising minimum standards and establishing an independent standards setting body under law will strengthen the trust the community has in financial advisers because these reforms mean that financial planning will become a profession, like medicine, law and accounting. Consumers will know they are being looked after by a well-trained advice professional who is held to the highest standards.”

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing more than \$2.7 trillion on behalf of 13 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.