



14 December 2018

Stephen Glenfield
Chief Executive Officer
Financial Adviser Standards and Ethics Authority
Sydney NSW 2000

BY EMAIL: consultation@fasea.gov.au / Stephen.Glenfield@fasea.gov.au

Dear Mr Glenfield,

RE: FASEA: Foreign Qualifications Policy

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia's largest industry sector, financial services.

Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses.

The financial services industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 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 fourth largest pool of managed funds in the world.

We welcome the opportunity to make a submission to the Financial Adviser Standards and Ethics Authority (FASEA).

Should you wish to discuss this submission further please do not hesitate to contact me on (02) 9299 3022.

Yours sincerely

BIANCA RICHARDSON
Senior Policy Manager

RECOMMENDATIONS

Recommendation 1: That FASEA update their Precedent Database on a minimum monthly basis to allow applicants to access consistent information in respect of whether a foreign qualification they possess is approved.

Recommendation 2: That FASEA clarify whether individuals who hold a foreign qualification already approved and listed on the Precedent Database are still required to apply for assessment of their foreign qualification by FASEA. Further, if foreign qualifications are listed on the Precedents Database, we argue that successive foreign qualifications that have already undergone the FASEA assessment should be afforded a reduced fee. A reduced fee is justified as the amount of time, effort and resources used by FASEA should be less than the initial assessment conducted.

Recommendation 3: That the Standards Body centralise the approval process for notifications and send approval notifications to licensees, ASIC and individuals.

Recommendation 4: That FASEA clarify whether a 'relevant provider' listed on the FAR has authority to certify another relevant provider's foreign qualification. This is in consideration of the introduction of changes to the *Statutory Declarations Regulations 2018* which allows "financial advisers and financial planners" to witness Commonwealth statutory declarations.

Recommendation 5: That FASEA provide set time limits for when foreign qualifications will be processed.

Recommendation 6: That FASEA provide clarity regarding the procedure for an individual or licensee to review a decision on the foreign qualifications by the standards body.

Recommendation 7: FSC seeks clarification regarding whether the FPS001 New Entrant (Career Changer) pathway will be available to New Entrants with foreign qualifications? If yes, how would the pathway be applied?

Recommendation 8: It is recommended that FASEA assessment is not required for New Entrants holding foreign qualifications that are not approved by a DET approved body.

Recommendation 9: FSC seeks clarification regarding whether the DET approved body will publish their own list of assessed degrees or will FASEA's Precedent Database serve this function.

Recommendation 10: As stated in the Education Pathways submission, the FSC and its members request the related fields of study 'FPS001 - Education Pathways Policy' should include a broader range of qualifications such as financial planning and insurance, superannuation - inclusive of SMSFs and also include subjects required for the financial markets industry.

FASEA: FOREIGN QUALIFICATIONS POLICY

FASEA: Foreign Qualifications Policy

The FSC and its members believe FASEA's Foreign Qualifications Policy (FPS005) gives individuals with overseas qualifications greater clarity to meet education standards and enable them to work in Australia's financial services and advice industry.

However, we raise the following matters on which we would like to see greater clarity:

Precedent Database

Updating the Database

The FSC and its members question FASEA's proposal to update the Precedent Database periodically.

We believe applicants would obtain additional support and assurance if the Precedent Database were updated monthly. We believe a periodic update would not assure applicants that their foreign degree would be approved in a timely manner.

Recommendation 1: That FASEA update their Precedent Database on a minimum monthly basis to allow applicants to access consistent information in respect of whether a foreign qualification they possess is approved.

Assessment of Qualification

The *Precedent Database* section of the Policy states:

Given the requirement for FASEA to approve an individual's foreign qualifications (subsection 921V(3)), FASEA will require individuals to apply for assessment of their qualification even if it is listed on the Precedent Database.

FSC members seek clarification regarding the requirement for individuals to apply for assessment of their qualification with FASEA notwithstanding whether that qualification is listed on the Precedent Database.

We believe there may be an error in the drafting of this section. However, if this requirement is maintained, we do not see advisers would receive any benefit from using the Precedent Database if they are also required to apply for assessment of that listed qualification.

Recommendation 2: That FASEA clarify whether individuals who hold a foreign qualification already approved and listed on the Precedent Database are still required to apply for assessment of their foreign qualification by FASEA. Further, if foreign qualifications are listed on the Precedents Database, we argue that successive foreign qualifications that have already undergone the FASEA assessment should be afforded a

reduced fee. A reduced fee is justified as the amount of time, effort and resources used by FASEA should be less than the initial assessment conducted.

Standard for Financial Service Licensees

The FSC and its members believe greater clarity could be provided concerning the provision of information of foreign qualifications once approved by the standards body.

At present, the Policy states:

Licensees are responsible for notifying ASIC (for the purposes of the Register of Relevant Providers) with the foreign qualification once approved by the Standards Body.

FSC members seek clarification on whether the Standards Body will send an approval notification to licensees or whether FASEA will be reliant on the individual providing that information to licensees.

Recommendation 3: That the Standards Body centralise the approval process for notifications and send approval notifications to licensees, ASIC and individuals.

Summary Statement

On 18 September 2018 changes to the *Statutory Declarations Regulations 2018* came into effect. The changes authorise “financial advisers and financial planners” to witness Commonwealth statutory declarations.

The Summary statement of the Foreign Qualifications Policy states:

“Individuals will need a certified copy of their foreign qualification and a copy of the assessment from a DET approved body”.

As a result the FSC seeks clarification regarding whether a ‘relevant provider’ on the Financial Adviser Register (FAR) has authority to certify a foreign qualification?

Recommendation 4: That FASEA clarify whether a ‘relevant provider’ listed on the FAR has authority to certify another relevant provider’s foreign qualification. This is in consideration of the introduction of changes to the *Statutory Declarations Regulations 2018* which allows “financial advisers and financial planners” to witness Commonwealth statutory declarations.

Standard for Individuals

The FSC and its members believe greater clarity is required regarding the processing times for foreign qualifications.

The FSC believes the potential for delays in the processing of foreign qualifications is significant and would create uncertainty for applicants.

Further, members seek clarification in relation to circumstances where an individual (or licensee on their behalf) can review a decision of the foreign qualifications by the standards body. The provision of clear guidelines on this issue would better allow individuals and licensees to manage any adverse outcomes they may seek to address.

Recommendation 5: That FASEA provide set time limits for when foreign qualifications will be processed.

Recommendation 6: That FASEA provide clarity regarding the procedure for an individual or licensee to review a decision on the foreign qualifications by the standards body.

New Entrants – Education Pathway Policy

The FSC and its members note; within the FPS001 Education Pathways Policy - New Entrant (Career Changer) pathway it requires the New Entrant to acquire an approved Graduate Diploma. We query whether this pathway will be available to New Entrants with foreign qualifications? If yes, how would the pathway be applied?

Recommendation 7: FSC seeks clarification regarding whether the FPS001 New Entrant (Career Changer) pathway will be available to New Entrants with foreign qualifications? If yes, how would the pathway be applied?

New Entrants - FASEA Assessment

The FSC and its members query the requirement of the New Entrants approval regime (p.6, Point 4) which requires the individual to submit their foreign qualifications to FASEA for approval where the individual's foreign qualification was not approved by a DET approved body. Why is FASEA approval required when the proposed pathway will require that individual to either obtain an approved Bachelor's degree (if holding no AQF equivalent qualifications) or Graduate Diploma (if holding AQF equivalent qualifications) to bridge the education and knowledge gaps, therefore rendering the individual's foreign qualifications irrelevant in the context of compliance with the education requirements?

Recommendation 8: It is recommended that FASEA assessment is not required for New Entrants holding foreign qualifications that are not approved by a DET approved body.

Precedent Database

Approved foreign qualifications listed on the Precedent Database

The FSC and its members note it is stated (p.7) FASEA's Foreign Qualification Precedent Database will contain information on whether the foreign qualification is approved by a DET approved body. Is it expected that the DET approved body will publish their own list of assessed degrees or will FASEA's Precedent Database serve this function?

Frequency of Precedent Database update:

It is stated that the Precedent Database will be updated periodically on page 7 of the draft FPS005. We query what the frequency of the periodic updates will be?

Recommendation 9: FSC seeks clarification regarding whether the DET approved body will publish their own list of assessed degrees or will FASEA's Precedent Database serve this function.

Education Pathways

As stated in the Education Pathways submission, we note the list of 'related fields of study' should be extended and should be reflected in the Foreign Qualifications 'Existing Advisers Relevant Degree Pathway'.

FSC members believe study in fields such as financial planning and insurance should also be recognised, and the related fields of study should include a broader range of qualifications such as Business Administration, as long as the minimum 8 designated fields of study is satisfied. The related fields of study should also include subjects required for a financial markets role.

Recommendation 10: As stated in the Education Pathways submission, the FSC and its members request the related fields of study 'FPS001 - Education Pathways Policy' should include a broader range of qualifications such as financial planning and insurance, superannuation - inclusive of SMSFs and also include subjects required for the financial markets industry.