



Australian Government
The Treasury

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Education Standards for Financial Advisers

Policy Paper

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Contents

- Contentsiii**
- Consultation Process1**
 - Request for feedback and comments1
- Education Standards for Financial Advisers2**
 - Background.....2
 - Proposed amendments to the education standard2

Consultation Process

Request for feedback and comments

The purpose of this paper is to seek feedback on the Government's proposal to amend the education and training standards for relevant providers, specifically the requirement to complete certain education requirements before being able to provide financial advice or continue providing financial advice.

Subject to the feedback received, the Government may amend the legislative instruments that were made by the Financial Adviser Standards and Ethics Authority (FASEA). FASEA's instruments remain in force until the instruments are amended or replaced.

Submissions in response to this paper should be provided by close of business 1 February 2022, electronically or by post. While submissions may be lodged electronically or by post, electronic lodgement via email to FAStandards@treasury.gov.au is preferred. For accessibility reasons, please submit responses sent via email in a Word or PDF format.

All information (including name and address details) contained in submissions may be made available to the public on the Treasury website unless you indicate that you would like all or part of your submission to remain in confidence. Automatically generated confidentiality statements in emails are not sufficient for this purpose. If you would like only part of your submission to remain confidential, please provide this information clearly marked as such in a separate attachment.

Legal requirements, such as those imposed by the *Freedom of Information Act 1982*, may affect the confidentiality of your submission.

Closing date for submissions: 01 February 2022

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The principles outlined in this paper have not received Government approval and are not yet law. As a consequence, this paper is merely a guide as to how the principles might operate.

Education Standards for Financial Advisers

Background

The *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* (Professional Standards Act) established FASEA as the standards-setting body for relevant providers (financial advisers) and introduced the requirement for financial advisers to complete a bachelor or higher degree (or equivalent qualification) approved by FASEA. Existing providers (financial advisers who were on the Financial Advisers Register at any time between 1 January 2016 and 1 January 2019) have until 1 January 2026 to complete an approved degree or complete one or more courses determined by FASEA.

In recognition of the experience of financial advisers who were already in the industry, FASEA determined that existing providers would only need to complete, at most, an 8-unit graduate diploma by 1 January 2026. These education requirements are currently set out in the *Corporations (Relevant Providers Degrees, Qualifications and Courses Standard) Determination 2020*.

The *Financial Sector Reform (Hayne Royal Commission Response—Better Advice) Act 2021* winds-up FASEA and moves the standard setting function to the Minister for Superannuation, Financial Services and the Digital Economy.

From 1 January 2022, the Minister for Superannuation, Financial Services and the Digital Economy will assume responsibility for setting the minimum education and training standards for financial advisers. This paper seeks feedback on the education standard and whether it remains fit-for-purpose including by ensuring that it adequately recognises the on-the-job experience of financial advisers.

The existing standards made by FASEA will continue to apply to financial advisers unless they are amended or replaced by the Minister.

In addition to financial advisers meeting the required education standards, an Australian Financial Services Licence (AFSL) holder is required under the *Corporations Act 2001* to ensure that its representatives are adequately trained and are competent to provide a financial service.

Proposed amendments to the education standard

Attachment A sets out the proposed education pathways for financial advisers. The proposal seeks to streamline the minimum education requirements and recognise on-the-job experience, while ensuring there is a base level of knowledge across the financial advice industry and the quality of financial advice is at a high standard.

- Experience pathway: as of the commencement date specified in s1546B(1) of the Corporations Act (1 January 2026), individuals who have 10 or more years of full-time experience as a financial adviser in the last 12 years will only need to complete a tertiary level unit on the Code of Ethics in order to continue providing financial advice.
- Qualification pathway: individuals (existing providers or new entrants) who do not meet the requirements under the “experience pathway” must complete a bachelor’s degree or higher with at least 8 units in a related field of study in any combination. Units must either be at Bachelor’s (AQF7), Graduate Diploma (AQF8) or Master’s (AQF9) level. Existing providers continue to have until 1 January 2026 to complete any required units.

To meet the proposed requirements in the experience pathway, by 1 January 2026 an individual must have been authorised to provide personal advice to retail clients in relation to relevant financial products for 10 or more years in the preceding 12 years.

The proposed education requirements in the qualification pathway can be completed in a single qualification or across multiple qualifications.

Advisers using the experience pathway must also have a clean record prior to 1 January 2026, meaning no sanctions from the Financial Services and Credit Panel (FSCP), excluding warnings. The FSCP has the power to require advisers to undertake additional training and may use these powers as part of a disciplinary action to require additional training regardless of the pathway under which the adviser meets the education requirements.

The Government will not accredit individual degrees or subjects to ensure they meet the requirements to be an approved degree. Higher education providers offering bachelor's degrees or higher qualifications are responsible for ensuring their courses meet the relevant requirements. Financial advisers undertaking any education must self-assess that they meet the relevant education requirements. The new single disciplinary body, the FSCP, which commences from 1 January 2022, will perform an important role in ensuring that correct self-assessment is robustly enforced within the profession.

The AFSL holder, in authorising an adviser, plays an essential role in ensuring the subjects and qualifications undertaken by that adviser meet the intention of the legislative instrument. Licensees should carefully assess if the subjects and qualifications undertaken by an adviser provide the appropriate educational background for the individual to provide advice on the products he or she is authorised to advise on.

Moreover, these education requirements are the minimum requirements, and many advisers have and will in future undertake study above and beyond the minimum baseline to gain additional knowledge and expertise. The Government recognises that industry associations, licensees and the professional community should, and do, play a vital role in reinforcing the value of qualifications and education above Government-mandated levels across the industry.

The *Corporations (Relevant Providers—Education and Training Standards) Determination 2021* (the Determination) comes into force on 1 January 2022 and sets out the education requirements for financial advisers who want to provide a tax (financial) advice service. The proposals in this paper do not affect the Determination and from 1 January 2022 financial advisers must complete a taxation law unit and a commercial law unit to be able to provide a tax (financial) advice service (unless they are exempt from the requirement or have additional time to complete the education requirements).

Recognition of prior learning (RPL)

New entrants will be able to seek recognition of prior learning at AQF 7, 8 or 9 level in a related field of study as part of completing their bachelor's degree or higher qualification. Higher education providers have established processes to assess and recognise prior learning.

For advisers who were listed on the Financial Advisers Register at any time between 1 January 2016 and 1 January 2019 but who do not qualify for the experience pathway, two units may be substituted with the completion of a course or program that is listed in [FASEA's Approved Recognition of Prior Learning List](#). This substitution may only be applied for a maximum of two of the eight units.

Questions for stakeholders

Treasury is seeking feedback from stakeholders on the proposed education pathways. In particular, Treasury is seeking feedback on:

- the impact of the proposal on industry and stakeholders, including the cost to business;

- whether the proposal meets the policy objective of streamlining the education standard and whether the proposed approach appropriately recognises on-the-job experience while ensuring there is a base level of knowledge across the financial advice industry;
- what would enable other education providers such as registered training organisations and professional associations to offer courses that meet the proposed education requirements at an AQF 7, 8 or 9 level; and
- whether the professional year standard (set out in the *Corporations (Work and Training Professional Year Standard) Determination 2018*) should be amended to require additional study at a Graduate Certificate or Diploma (AQF 8) level to complement the broadening of the relevant fields of study. These could be done in a specialised area of the licensee and new entrant's choosing, allowing the professional year candidate to develop a deeper knowledge alongside their practical training.

Stakeholders are invited to comment generally on the proposals in this paper and need not confine themselves to commenting in response to the specific consultation questions.

Attachment A: Proposed education pathways for financial advisers

Pathway	Primary qualifications	Ethics Units	Relevant experience	Recognition of prior learning (RPL)	Changes from existing requirements
Qualification Pathway	<p>Financial advisers must complete a bachelor's degree or higher with at least 8 units in a related field of study (or similar) in any combination:</p> <p>Related fields of study are:</p> <ul style="list-style-type: none"> • Financial planning (including financial advice, areas of superannuation, retirement, insurance and estate planning); • Finance; • Financial services; • Investments (including all types of investment such as shares, derivatives, foreign exchange, options etc); • Accounting/accountancy; • Taxation/tax law (as approved by the Tax Practitioners Board (TPB)); • Business law (as approved by the TPB); • Finance law; • Estate law; • Banking; • Economics; • Econometrics; • Stockbroking; • Wealth management; or • Actuarial studies. <p>Units must be at either a Bachelor (AQF7), Graduate Diploma (AQF8) or Masters (AQF9) level. Units can be completed in a single qualification or across multiple qualifications.</p>	<p>Required (can be included in the primary qualification)</p> <p>One tertiary level unit¹</p>	N/A	<p>New entrants will be able to seek recognition of prior learning at AQF 7, 8 or 9 level in a related field of study as part of completing their bachelor's degree or higher qualification. A higher education provider will have established processes to assess and recognise prior learning.</p> <p>For advisers who were listed on the Financial Advisers Register at any time between 1 January 2016 and 1 January 2019, two units may be substituted with the completion of a course or program that was listed in FASEA's Approved Recognition of Prior Learning List. This substitution may only be applied for a maximum of two of the eight units.</p>	<ul style="list-style-type: none"> • Financial advisers will still need to complete up to 8 units, but these units can be completed across broader fields and specialisations. • As per existing settings, to complete a bachelor's degree, a financial adviser will need to complete 24 units. To complete an 8-unit graduate diploma, a financial adviser will need to meet the entry requirements of the education provider which will be either that the adviser has completed a bachelor's degree or have a certain number of years of experience. • The RPL policy for new entrants remains the same. • Existing providers will be able to obtain credit for two units (of the required 8 units) for previously completed qualifications. This may be additional credit for prior learning than previously granted by FASEA. However, under the proposal a maximum of 2 units can be credited for prior learning and so an adviser may need to complete additional units.
Experience Pathway	Not required	<p>Required by 1 January 2026</p> <p>One tertiary level unit¹</p>	10 or more years full time experience as a financial adviser ² in the last 12 years (as of 1 January 2026).	N/A	<ul style="list-style-type: none"> • Financial advisers with 10 or more years' experience will no longer need to complete up to an 8-unit graduate diploma by 1 January 2026. • Financial advisers will still need to complete an Ethics unit by 1 January 2026. This is an existing requirement under FASEA's existing framework so advisers will have already completed it or will complete it.

¹ One unit on the Code of Ethics at AQF 7, 8 or 9 level.

² A "financial adviser" is an individual who has been authorised to provide personal advice to retail clients in relation to relevant financial products.