

10 January 2024

Retirement, Advice and Investment Division
Treasury
Langton Cres
Parkes ACT 2600

Delivered by email - financialadvice@treasury.gov.au

Dear Sir/Madam,

Re: Financial adviser exam – changes in exam delivery

As the representatives of over 300,000 professional accountants, Chartered Accountants Australia and New Zealand (CA ANZ) and CPA Australia thank you for the opportunity to comment on the above consultation. We make this submission on behalf of our members and in the public interest.

Background

The exam was introduced with a range of reforms for financial advisers contained in *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* which received Royal Assent on 22 February 2017 and commenced on 15 March 2017.

The explanatory memorandum for the legislative Bill explained that relevant providers would be required to satisfy four education standards including the passing of an exam approved by a body established by the relevant Minister. Initially, that body was the Financial Adviser Standards and Ethics Authority (FASEA) but became the Australian Securities and Investments Commission on 1 January 2022.

Another education standard was that new entrants to the sector would have to complete a bachelor's degree (that is, Australian Qualifications Framework (AQF) level 7) or higher approved by the relevant standards setting authority. Originally, this was FASEA but from 1 January 2022 it was moved to the Commonwealth Treasury.

Exam no longer required

All financial advisers providing personal financial advice to retail clients who are currently on the relevant ASIC register(s) have completed the exam. Many of these advisers have already completed additional education – or will have satisfied other permitted transitional requirements such as the recently enacted 10-year experienced pathway.

It is CAANZ and CPA Australia's view that as all new entrants to the financial advice sector must be educated to at least AQF level 7, we believe the exam requirement is no longer required.

We encourage the government to introduce amending legislation to this effect as soon as possible.

Proposed determination changes

Whilst the financial adviser exam remains in place, we support the amendments proposed by the government in the exposure draft *Corporations (Relevant Providers—Education and Training Standards) Amendment (2024 Measures No. 1) Determination 2024*.

In particular we believe the quality of the exam will not be diminished if it is all multiple choice. We also think that permitting a wider range of people to sit the exam is also welcome as it may encourage those who have left the industry but have not as yet satisfied all relevant provider requirements, or existing advisers, to sit the exam.

We would be happy to discuss this submission or other related topic if required. Please contact Tony Negline via email at tony.negline@charteredaccountantsanz.com or Richard Webb at Richard.webb@cpaaustralia.com.au.

Yours sincerely,

Tony Negline
Superannuation & Financial Services
Leader
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