

17 August 2018

Mark Brimble
Managing Director
Financial Adviser Standards and Ethics Authority
Sydney NSW 2000

BY EMAIL: consultation@fasea.gov.au / mark.brimble@fasea.gov.au

Dear Mr Brimble,

RE: FASEA's CONSULTATION PAPER 4 – PROVISIONAL RELEVANT PROVIDER TERM

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.

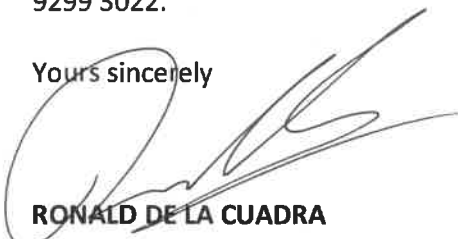
Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment,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



RONALD DE LA CUADRA
Policy Manager

FASEA CONSULTATION PAPER 4: PROVISIONAL RELEVANT PROVIDER TERM

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OPENING

The FSC and its members support FASEA's proposal to define a provisional provider term. We believe this would improve public confidence of the industry by providing greater clarity and transparency for consumers when receiving financial advice.

The term or terms used must clearly express to clients whether an individual providing financial advice is fully qualified or still undertaking work and training requirements.

Within financial advice, providers of financial advice are recognised as being either financial advisers and/or financial planners. As a result, the terms "Provisional Financial Adviser" and/or "Provisional Financial Planner" should be used as they express an individual as a provider of financial advice while stating they are undertaking work and training requirements.

The FSC also supports the registering of a provisional relevant provider on to a Register of Relevant Providers and providing ASIC with updates regarding when relevant providers complete the work and training requirements. This will provide transparency to the community by distinguishing who has completed their work and training requirements or whether they are still undertaking their professional year.

We thank FASEA for considering our feedback, which we have provided to assist define Provisional Relevant Providers.

Proposed Term to refer to Provisional Relevant Provider

From 1 January 2019, the terms 'financial adviser' and 'financial planner' will become protected terms. This is appropriate as it is common industry practice to use these terms interchangeably to describe individuals that provide personal advice to retail clients.

The consultation paper proposes that individuals should only be referred to by the term 'provisional financial adviser' and no other term. Practitioners need flexibility to describe new entrants undertaking work and training requirements as either a 'provisional financial adviser' or 'provisional financial planner'.

Both terms are already used interchangeably as part of common industry practice. Allowing the use of both terms is consistent with the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017* which passed Parliament on 9 February 2017, and will come into force on 1 January next year. This reform introduces into law the use of 'financial planner' and 'financial adviser' – the same terminology suggested by FASEA.

Recommendation: That the terms 'provisional financial adviser' and 'provisional financial planner' be used to refer to individuals undertaking work and training requirements.