

FPS003

Work & Training Requirement (Professional Year) Policy

March 2019



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Work and Training (Professional Year) Standard

Reasons for a standard on work and training

The Corporations Act 2001 (the Act) requires that the Standards Authority set requirements for work and training (subsection 921B(4)) which are set out in this policy..

The policy assumes that the arrangement of supervision and record keeping in satisfaction of the policy is a relationship between the individual and their licensee. Each of these parties has obligations under the policy.

Individuals named on ASIC's Financial Adviser Register as a 'Provisional Relevant Provider'¹ are expected to be undertaking work and training in accordance with this policy.

In order for a provisional relevant provider to become approved by the licensee as a 'relevant provider', the supervisor, the licensee and the provisional relevant provider should ensure completion of the work and training, collection of evidence demonstrating this, issue of the final completion certificate and notification of completion to ASIC (for the purposes of the Register of Relevant Providers).

Summary statement

The summary expectation of the policy is that an individual will have undertaken 100 hours of education and training and 1500 hours of work and supervised experience, which is based on an approximate 1600 hour full-time equivalent working year

The Professional Year refers to workplace and other activities that are relevant to developing professional competence to perform the role of providing professional financial advice.

The Professional Year is expected to build on education and professional qualifying programs approved by FASEA.

In satisfying the Professional Year requirements, supervisors, licensees and employers have important roles in planning and monitoring the work and training required of aspiring professional financial advisers.

Financial services and financial advice are wide and complex fields and becoming sufficiently expert to provide financial advice to clients requires considerable training. It may be that the training requirements stipulated in the policy will be supported by formal programs of education (including specialist training or professional designations) and be able to be recorded as completed through formal assessment processes in those programs.

¹ ref: 921U(2)(v)

Responsibilities for approving work and training in the Professional Year

The Act provides that a range of parties are responsible for ensuring that the work and training (Professional Year) standard has been met in practice.

Individual (Provisional Relevant Provider)

Subsection 921B(4) requires that the individual has undertaken at least 1 year of work and training (Professional Year) that meets the requirements set by the standards body.

Section 910A (definitions) confirms that an individual who is undertaking work and training in accordance with subsection 921B(4) is defined as a provisional relevant provider once they are authorised as a provisional relevant provider.

An individual who has not yet met the work and training standard (subsection 921B(4)) is unable to be granted an Australian financial services licence for the provision of personal advice to retail clients in relation to relevant financial products (subsection 921C(1)(b)).

The Standards Authority expects that the provisional relevant provider will participate diligently in the work and training process, not hinder the supervisor (s 921F(7)), and will record all appropriate evidence of relevant activities undertaken during the Professional Year.

Financial Services Licensee

A Financial Services Licensee is unable to authorise an individual to provide personal financial advice to retail clients if they have not satisfied the requirements of the Education and Training standards (subsection 921B(4)), which includes work and training standard (subsection 921C(2)(b)(ii)).

A Financial Services Licensee needs to identify an individual with relevant qualifications to be the supervisor with responsibility for the provisional relevant provider (subsection 921F(2)).

A Financial Services Licensee has an obligation to ensure that the term Provisional Financial Adviser or Provisional Financial Planner is not used to name the person undertaking their work and training (Professional Year) requirement until they have passed the exam and the Licensee has authorised them.

A Financial Services Licensee may approve the acceleration of an individual undertaking their Professional Year for quarter 1 or 2 if the supervisor is satisfied that the person:

- a. has achieved the outcomes set out in the professional year plan for the quarter; and
- b. is capable of satisfactorily completing the work activities and structured training for the next quarter.

A Financial Services Licensee has an obligation to ensure that the retail clients who deal with a provisional relevant provider are informed in writing that the provider is undertaking supervised work and training and of the name and contact details of the supervisor.

A Financial Services Licensee has obligations under the Act to notify ASIC of certain matters for the purposes of the Register of Relevant Providers.

The Standards Authority expects that the Licensee will provide the appropriate resources and opportunity to ensure that the work and training standard has been met, demonstrated through the collection and recording of evidence.

Supervisor of the provisional relevant provider

A Supervisor of the provisional relevant provider must ensure appropriate supervision of advice given by the provisional relevant provider (subsection 921F(3)).

The Supervisor must have at least 2 years of experience operating as a relevant provider (after completion of the work and training requirement).

The Supervisor must ensure that the term Provisional Financial Adviser or Provisional Financial Planner is not used to name the person undertaking their work and training requirement until they have passed the exam and been authorised by the Licensee.

A Supervisor may issue a completion certificate for quarter 1 or 2 if the supervisor is satisfied that the person:

- a. has achieved the outcomes set out in the professional year plan for the quarter; and
- b. is capable of satisfactorily completing the work activities and structured training for the next quarter.

A Supervisor of the provisional relevant provider has the responsibility to ensure that the retail clients who deal with a provisional relevant provider are informed in writing that the provider is undertaking supervised work and training and of the name and contact details of the supervisor.

The Standards Authority expects that the Supervisor will support the provisional relevant provider and will ensure that evidence of the work and training standard has been collected, reviewed and is available to the Provisional Relevant Provider and other relevant entities such as ASIC, a Code Monitoring Body and FASEA.

A Supervisor must provide supervision that actively assists the provisional relevant provider in getting the full benefit of the professional year in accordance with standard 12 of the Code of Ethics.

A Supervisor must ensure the requirements of standard 8 of the Code of Ethics are met, regarding appropriate record keeping during the professional year.

Requirements – work and training

Individuals need to gain a minimum of full time equivalent one year of relevant experience before they can be registered as a relevant provider.

The relevant experience refers to workplace experience and other activities that are relevant to developing professional competence to perform the role of providing professional personal financial advice to retail clients in respect of relevant financial products. Experience will be gained during the initial phase of employment (i.e. first continuous full time equivalent 12 months of employment) with standard leave arrangements performed as full-time or part-time employment.

In exceptional circumstances where the employment has changed within the first 12 months, a Licensee will need to assess Professional Year activities undertaken to date and the activities that remain to be completed to satisfy the work and training standard.

Where relevant providers take a career break, they are not required to undertake the Professional Year on their return.

Amount of time spent in work and training

The Standards Authority determines that the statutory requirement of 1 year full time equivalent work and training is 1600 hours split between:

- 100 hours of structured education and training
- 1500 hours of work and supervised experience

Formal education as a contribution to the Professional Year requirement

The Standards Authority recognises that relevant study may contribute to meeting the education and training requirements of this standard.

For instance, completion of one or more of the FASEA bridging course units would be considered relevant formal study.

Other relevant study options might include:

- Education for the purposes of achieving a professional designation.
- Education for the purposes of accreditation in specific forms of financial products relevant to licensing arrangements.
- Education for the purposes of meeting more detailed requirements in specific financial advice provision (eg. SMSF, stockbroking, aged care, etc).

Therefore, a range of study options are allowable for the satisfaction of education and training requirements. However, education that is measurable, appropriately assessed and leads to further qualification (formal and informal) outcomes for participants is preferred.

Work and Training requirements as a form of CPD

The Act provides that a provisional relevant provider is not required to meet the statutory requirement to meet the continuing professional development standard (s 921D(2)(a)).

The Standards Authority recognises that this is because the provisional relevant provider will be actively engaged in work, training and education as part of achieving relevant provider status.

Competencies required for satisfaction of work and training (professional year) standard

The competencies expected to be demonstrated before conclusion of the work and experience period to ensure the individual has transitioned from a Provisional Relevant Provider to a Relevant Provider are:

1. **Technical competence:** the financial services graduate as a technically proficient professional and with the ability to ensure that advice strategies are suitability aligned to different consumer groups.
2. **Client care and practice:** the financial services graduate as a client centric practitioner advising both new and review clients
3. **Regulatory compliance and consumer protection:** the financial services graduate as a legally compliant practitioner
4. **Professionalism and Ethics:** the financial services graduate as an ethical professional.

These competencies are similar to graduate outcomes expected from the approved degree program and should therefore allow Provisional Relevant Providers to build on these competencies through work and training.

The Standards Authority has detailed the competence components in each of these areas as quarterly activities which will aggregate through key milestones to form the Professional Year Program.

Outcomes sought are:

- Independently applying, comparing, and analysing underlying principles and theories from relevant areas of technical competence to complete work assignments and make decisions;
- Combining technical competence and professional skills to complete work assignments;
- Applying the Code of Ethics, including in relation to avoiding inappropriate personal advantages, and applying professional values and attitudes to work assignments;
- Presenting information and recommendations, explaining ideas in a clear confident and professional manner, using oral and written communications, to retail clients, financial advice and non-financial stakeholders;
- Integrating technical competence and professional skills to manage work across the end to end advice process;
- Making appropriate judgments on courses of action drawing on professional values, ethics, and attitudes;
- Assessing, researching, and resolving complex problems with limited supervision;
- Anticipating, consulting appropriately, and developing solutions for complex business or client problems and issues; and

Practical Proficiency will be assessed based on outcomes achieved:

- Under supervision a Professional Year Plan will be developed in discussions between the Provisional Financial Adviser and the Supervisor, detailing the key activities and outcomes to be achieved. A quarterly approach to key activities which will align to client outcomes is proposed as follows:

Quarter 1: Client Observations and support Supervisor/Experienced Adviser (PY 1).

Key activities proposed:

- Shadow Supervisor/Experienced Advisers in client meetings with a range of clients
- complete post meeting documentation as required and follow up actions
- Discuss with Supervisor appropriate Advice Strategies suitable to client needs
- Actively participate in administration/back office activities related to the provision of financial advice.
- Produce Assessment/Checkpoint:

- Self-Reflection Presentation of key learnings, opportunities for improvement
- Assessment of readiness to progress to PY2
- Produce Completion Certificate – to be signed by the Supervisor attesting that the competency to progress to quarter 2 has been achieved.

Quarter 2: Supervised Client Engagement and Advice Preparation (PY 2).

Key activities proposed:

- Preparation for client meetings
- Conduct supervised meetings with client
- Prepare draft documentation for clients, including:
 - Advice strategies
 - Statement of advice and other relevant client documentation
- Completion of relevant administration/back office activities related to the provision of financial advice
- Produce Assessment/Checkpoint:
 - Self-Reflection Presentation of key learnings, opportunities for improvement
 - Assessment of readiness to progress to PY3
- Produce Completion Certificate – to be signed by the Supervisor attesting that the competency to progress to quarter 3 has been achieved.

Quarter 3 (PY 3) and 4 (PY 4): Indirect Supervision of Client Engagement and Advice Preparation. It is a requirement that the Provisional Relevant Provider passes the exam approved by the Corporations (Relevant Providers Exam Standard) Determination 2018 before they are authorised, and any indirect Supervision commences

Key activities proposed:

- Conduct client engagement without Supervisor
- Model strategies and research products to determine suitability to clients' objectives, financial situations and needs
- Determine and prepare appropriate client documentation e.g. SOA, ROA etc.
- Complete relevant administration/back office activities relevant to the provision of financial advice
- Produce PY 3/4 Assessment/Checkpoint:
 - Supervisor to review and affirm progress after engaging at key client engagement points at end of PY3 (month 9)
 - Provider to present 2-3 Ethical dilemmas, describing how they approached them and what outcomes were achieved
 - Self-Reflection Presentation of key learnings, opportunities for improvement
 - Assessment of readiness for being a Relevant Provider
- Produce a final completion certificate to be signed by the Supervisor and the Licensee to attest that the Provisional Financial Adviser has completed the work and training requirement.

Record Keeping

The Standards Authority expects that generally, the:

- **Provisional Relevant Provider** will keep and maintain accurate records of having satisfied the work and training) Professional Year) standard
- The **Supervisor** will review and validate evidence of the Provisional Relevant Provider having satisfied the work and training (Professional Year) standard
- The **Licensee** will confirm, record and maintain the evidence of the individual having satisfied the work and training (Professional Year) standard. Records are to be kept for a period of 7 years.

The Standards Authority encourages a combination of approaches for the measurement of competence and the collection of evidence, however this should be established for each Provisional Relevant Provider at the commencement of their PY in the form of a 'program of PY activities' and include a minimum of a PY Logbook and a supervisor attestation of completion of the PY program and accuracy of the logbook.

Progress towards competence should be periodically reviewed between the individual and the Supervisor, to ensure that the work and training standard will be met in the appropriate time frame.

Exit Criteria

To ensure a consistent approach in assessing that the Provisional Relevant Provider has completed the required level of competence to qualify as having completed the Professional Year Program, the Standards Authority provides the following criteria as guidance to Licensees, Supervisors and employers:

- **Provisional Relevant Provider** will evidence that they have met all the requirements as specified in the Professional Year Program across the four quarters. In addition, they will:
 - provide a completed PY logbook;
 - Present 2-3 Ethical dilemmas, how they approach them and what outcomes were achieved;
 - Confirm completion of the Professional Year Plan; and
 - Evidence completion of the training programs, which will include a minimum 100 hours of accredited education or training.
- The **Supervisor** will review and validate evidence of the Provisional Relevant Provider having satisfied the Professional Year Program, noting:
 - Hours have been completed;
 - Assessment on key competencies;
 - Assessment and attestation of outcomes to confirm completion of PY and that the provisional relevant provider has demonstrated competency to move to Relevant Provider status or otherwise may recommend extension of the period of the PY.
- The **Supervisor/Licensee** will conduct an audit on 5 client files to assess compliance of regulatory and legal requirements.

It is recommended that the **Licensee** reviews as part of the Supervision and Monitoring Program that the Provisional Provider has completed all relevant work and training requirements.

Potential resources and templates

FASEA may provide resources and templates in relation to the PY including:

- A Professional Year Plan (including Quarterly Activity Guide)
- A PY Logbook
- Completion Certificate
- Final Completion Certificate



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