

#94

COMPLETE

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Q1 Overall, do you agree or disagree with [standard 1] and proposed commentary? **Agree**

Q2 Please provide any comments on [standard 1] and the proposed commentary. **Respondent skipped this question**

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Q3 Overall, do you agree or disagree with [standard 2] and proposed commentary? **Agree**

Q4 Please provide any comments on [standard 2] and the proposed commentary. **Respondent skipped this question**

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Q5 Overall, do you agree or disagree with [standard 3] and proposed commentary? **Agree**

Q6 Please provide any comments on [standard 3] and the proposed commentary.

The first point, to avoid where practicable, is a very subjective requirement. Given that many advisers are remunerated by commission, it could be perceived that this is a conflict of interest - and this cannot be avoided unless the adviser charges a fee or works for free. We recommend that there is more emphasis on having clear processes and procedures for product selection, and for managing and communicating conflicts of interest to clients.

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Q7 Overall, do you agree or disagree with [standard 4] and proposed commentary? **Disagree**

Q8 Please provide any comments on [standard 4] and the proposed commentary.

We recommend that the guidance for this code standard be expanded. Communicating the advice would need to be done so in verbal or written (including electronic) form, but how then do the clients understand what is being tested? What else could be done by recording the conversation, the clients' best interests would be better served by having written advice/information about the risks and benefits of the advice. While we endorse the Code being principles based, if the primary good client outcomes, then the Code needs to contain enough detail, or be specific enough, to facilitate that happening.

In addition, the example used is not a good example of ensuring the client understands the material risks and consequences of replacing business specificity, or of the advice generally. It is hard to see how good client outcomes can be achieved when recommending replacing business without completing a comparison between the existing product and the potential new product, and the example provided does not support a good advice process or communication with the client.

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Q9 Overall, do you agree or disagree with [standard 5] and proposed commentary? **Disagree**

Q10 Please provide any comments on [standard 5] and the proposed commentary.

While we support the principle, a feature competed by the "seller" or "advertiser" of a financial product, does not help the client's understanding of the advice. We recommend changing the example, or providing more guidance about appropriate information for the clients' benefit.

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Q11 Overall, do you agree or disagree with [standard 6] and proposed commentary? **Agree**

Q12 Please provide any comments on [standard 6] and the proposed commentary. **Respondent skipped this question**

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Q13 Overall, do you agree or disagree with [standard 7] and proposed commentary? **Agree**

Q14 Please provide any comments on [standard 7] and the proposed commentary. **Respondent skipped this question**

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Q15 Overall, do you agree or disagree with [standard 8] and proposed commentary? **Disagree**

Q16 Please provide any comments on [standard 8] and the proposed commentary.

While we support the Code Standard, we believe that the "good faith test" could be subjective. Some comments made by advisers about the industry could be seen as undermining public confidence, but if the adviser claims they were made in "good faith", then based on the commentary, they would not be in breach of this Code Standard. In addition, it appears that an adviser could claim another adviser has given bad advice, which would undermine confidence and trust, but the adviser claiming that is not held to account - there is no "penalty" for commenting in "good faith" that another's advice was bad, even if it wasn't, but purely because it was not the same as what that adviser would have recommended.

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Q17 Overall, do you agree or disagree with [standard 9] **Disagree** and proposed commentary?

Q18 Please provide any comments on [standard 9] and the proposed commentary.

We agree in principle that ALL financial advisers (including nominated representatives) should have minimum levels of knowledge and competence.

However, why would holding the previous National Certificate in Financial Services Level 5 be acceptable, while an "order relevant qualification" (which presumably is neither of the two mentioned, and therefore comes under the category of an alternative qualification) is only acceptable if accompanied by appropriate demonstration of maintaining knowledge, competence and skills. By allowing entities with nominated representatives to set their own learning outcomes, while requiring individuals, and other entities providing advice through individuals to meet the qualification standard (a better method to attaining the qualification), there remains an uneven playing field in the financial advice sector. We believe that a "entities" (whether individuals, or an entity engaging individuals or nominated representatives) should need to demonstrate the same outcomes – whether it is by "in house" learning outcomes or formal qualification learning outcomes.

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Q19 Overall, do you agree or disagree with [standard 10] **Disagree** and proposed commentary?

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Q20 Please provide any comments on [standard 10] and the proposed commentary.

When we agree that this is a positive step for the Code not to limit the ways that “a person can demonstrate continuing professional education”, we submit that this Code Standard requires more direction. When the concept of not being prescriptive or making learning about time rather than outcomes is admirable, the result is that the “burden of proof” for maintaining knowledge and competence rests with the adviser to prove that they have completed sufficient to meet the obligations, rather than with the regulator to prove they haven't met the requirements. Codes need to be helpful and provide clear direction and obligation, rather than requiring interpretation. Imagine having a road code that said, “do whatever speed you feel is right.” Without some clear guidelines and expectations, principles are open to wide and varied interpretations, not aligned with good outcomes.

In addition, other professions, such as solicitors, accountants and licensed building practitioners have minimum hours they need to complete, and so there is no reason this is not also appropriate for financial advisers.

If the Code doesn't specify at least a minimum number of hours, there is a risk that advisers who currently don't attend/complete any ongoing learning and development, will continue to not do so; by not having a minimum standard to enforce, there is a risk that the Code Standard will have “no teeth” when being used to assess whether an adviser has complied with the obligations. A minimum requirement sets a metric or baseline and changes the mindset from relying on experience and tenure, to one of keeping up to date with changes and engaging in industry best practices.

Specifying hours seems to have worked well so far and the Code needs to set a level playing field across entity types (which also means that nominated representatives will be bound by the same minimum standard as financial advisers). We understand and support the notion that CPD is not about hours – but believe there is no disadvantage to setting a minimum requirement. When some advisers will only do that, at least they are doing something. Many current advisers (including RFA's) do more than the current minimum requirement, even though have no obligation to do so.

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Q21 Overall, do you agree or disagree with [standard 11] and proposed commentary? **Neither agree nor disagree**

Q22 Please provide any comments on [standard 11] and the proposed commentary.

Refer our comments regarding Code Standard 12, as we suggest that ALL investment advisers, whether nominated representatives, or individuals, or whether they can recommend one provider or from a range of providers should meet the same learning outcomes, accepting that these can be demonstrated in multiple ways (e.g. alternative or higher equivalent qualifications)

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Q23 Overall, do you agree or disagree with [standard 12] and proposed commentary? **Disagree**

Q24 Please provide any comments on [standard 12] and the proposed commentary.

Again, we agree in principle that ALL financial advisers (including nominated representatives) should have minimum levels of knowledge and competence.

A product solution (for example, a mortgage) requires the same level/type of knowledge whether the adviser can offer a solution from one provider or multiple providers. Having more than one provider simply means that an adviser should also have an appropriate product selection process, in addition to having appropriate knowledge, competence and skill in the relevant area of advice.

By allowing entities with nominated representatives to set their own earnings outcomes, while requiring individuals, and other entities providing advice through individuals, to meet the qualification standard (a better not limited to attaining the qualification), there remains an uneven playing field in the financial advice sector. We believe that a "entities" (whether individuals, or an entity engaging individuals or nominated representatives) should need to demonstrate the same outcomes – whether it is by "in house" earnings outcomes or formal qualification earnings outcomes.

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Q25 Is there anything missing from the draft Code? **No**

Q26 If you answered yes, what is missing? **Respondent skipped this question**

Q27 Do you have any feedback on the examples, or suggestions on other examples that should be included in the draft Code? **Respondent skipped this question**

Q28 Is there anything else you want to say? **Respondent skipped this question**

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Q29 Name **Respondent skipped this question**

Q30 Your role or professional title **Respondent skipped this question**

Q31 Individual or organisational submission **This is a submission on behalf of an organisation (eg employer)**

Q32 If you give financial advice... **I am not an AFA, RFA or QFE adviser**

Q33 My organisation or I give the following types of advice... **Mortgages,
Other personal lending,
Life and/or health insurance**

Code Working Group - Online Submission Form

Q34 Organisation Name

Mortgage and Insurance Lnk

Q35 Type of organisation

Dealer group

Q36 Size of organisation

Large firm (50+ staff)

Q37 If there are other things we should know about you or your business that would provide context to your answers, please provide details below.

Respondent skipped this question

Q38 Please indicate whether your submission contains any information that is confidential or whether you do not wish your name or any other personal information to be included in a summary of submissions.

Respondent skipped this question

Q39 Please provide your contact details (email and/or phone number) This is the only question that requires an answer. This information would not be released publicly. We may get in touch with you in order to help us understand particular points from your submission.

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