

ADVISER STANDARDS BILL

Release Date | November 2016

Corporations Amendment (Professional Standards of Financial Advisers) Bill 2016

The Bill includes compulsory education requirement for both new and existing financial advisers, supervision requirements for new advisers as well as a code of ethics for the industry.

The new professional standards regime will start on 1 January 2019, whereby new advisers entering the industry will be required to hold a relevant degree.

Existing financial advisers will have access to transitional arrangements allowing them two years, until 1 January 2021, to pass an exam, and five years, until 1 January 2024, to meet the education requirements [i.e. they must have completed the appropriate bridging course(s) to raise their qualifications to a bachelor degree level, or higher or equivalent qualification [paragraph 6.3 of the Memorandum]].

The big question is, what is a 'relevant degree'?

At the moment there is no clear answer because the government said it will also establish an independent standards body to administer the new regime. From the date of establishment until the regime begins on 1 January 2019, the body will be responsible for developing and setting the industry exam, developing the code of ethics and setting the education requirement, including working with education providers to establish appropriate course.

Paragraph 5.10 of the explanatory memorandum states the body has a broad discretion when setting these standards. Some of the issues that it may need to consider are:

- Which courses are relevant to the provision of financial advice and should be approved.
- Which foreign degrees (if any) should be approved.
- Whether to approve some or all of the courses offered by providers other than universities.

At this stage we need to hold tight and 'watch this space'.

The only thing that is clear is that an existing adviser who does not pass the exam by 1 January 2021, or meet the degree requirement by 1 January 2024, **ceases to be a relevant provider on that date (paragraph 6.5 of the Memorandum)**.

On a side note, there are also some restrictions on the use of the titles 'financial adviser' and 'financial planner' for a person who is not authorised to provide personal advice to retail clients on relevant financial products (after 1 January 2024).

For the brave ones please find the Bill and the Explanatory memorandum below:

[Professional Standards For Financial Advisers Introduced](#)

[Adviser standards bill introduced into Parliament](#)