



FINANCIAL PLANNING
ASSOCIATION *of* AUSTRALIA

28 February 2020

Mr James Kelly
Division Head
Financial Services Reform Taskforce Division
Treasury
Langton Cres
Parkes ACT 2600

Email: FSRCconsultations@treasury.gov.au

Dear Mr Kelly

RE: Recommendation 2.2 – Disclosure of non-independence

The Financial Planning Association of Australia (FPA) welcomes the opportunity to provide feedback in response to Treasury's consultation on recommendation 2.2 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry exposure draft legislation amending the Corporations Act to require entities (a financial services licensee or authorised representative) who are authorised to provide personal advice to a retail client to disclose in writing to the client where they are not independent and why that is so.

The FPA has for many years advocated for clear labelling of financial advice services to better protect consumers and ensure consumers are clear on who they are purchasing advice services through. For this reason, the FPA has long supported the current definition of independent contained in the Corporations Act as an important consumer protection mechanism, along with the protection of the terms Financial Planner and Financial Adviser.

For this reason, the FPA supports the proposal to add a disclosure to the financial services guide (FSG) obligations.

However, the FPA recommends that the commencement date be delayed by 6 months. The process to rollout an updated FSG can take a number of months to get through licensee due diligence processes and able to be made available to consumers. Typically this process involved drafting, legal checks, compliance and management sign offs, and finally Board approval before an updated FSG is able to be issued. As noted, given that ASIC will need to lodge a regulatory instrument to provide certainty to licensees the form of the statement in the FSG, a commencement date of 1 July 2020 is not a reasonable transition time frame for licensees. For this reasons, the FPA recommends that the commencement date for this obligation be amended to require disclosure by 1 January 2021.



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Recommendations:

- The FPA supports disclosure of non-independence in the FSG as proposed in the draft legislation;
- The FPA recommends the commencement date be amended to 1 January 2021.

The FPA would welcome the opportunity to discuss with the Treasury the issues raised in our submission. If you have any questions, please contact me on ben.marshan@fpa.com.au or on 02 9220 4500.

Yours sincerely

Ben Marshan

Head of Policy and Standards

Financial Planning Association of Australia



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About the Financial Planning Association of Australia

The Financial Planning Association of Australia (FPA) has more than 12,919 members and affiliates of whom 10,618 are practicing financial planners and 5,540 Certified Financial Planner® professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first “policy pillar” is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Dale Boucher, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 26-member countries and the more than 188,104 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 18 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- CFP® certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP® standing are equal to other professional bodies, e.g. CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board.