

17 August 2018

Dr. Mark Brimble
Acting Managing Director
Financial Adviser Standards and Ethics Authority
Australia

Dear Dr. Brimble,

Re: Consultation Paper 7: Foreign Qualifications

On behalf of the CFA Institute and CFA Societies Australia (which includes CFA Society Sydney, CFA Society Melbourne and CFA Society Perth), we once again welcome the opportunity to comment on the Financial Adviser Standards and Ethics Authority's ("FASEA") Consultation Paper 7: Foreign Qualifications.

We represent the views of investment professionals before standard setters, regulatory authorities and legislative bodies worldwide on issues that affect the practice of financial analysis and investment management, education and licensing requirements for investment professionals. We represent these professionals on issues that affect the integrity and accountability of global financial markets.

In the past three months, we have submitted to your office submissions on FASEA's proposed:

- Code of Ethics for Financial Advisers on 1 June 2018;
- Education Pathways for Existing Advisers on 28 June 2018;
- Financial Adviser Examination on 31 July 2018; and
- Continuing Professional Development (CPD) program in August 2018.

We now have the pleasure in responding to Consultation Paper 7: Foreign Qualifications (hereafter the "Paper").

Our feedback and recommendation on FASEA's Paper:

In principal we agree that the standards proposed in the Paper are appropriate for the Australian financial planning and investment management industry. As we stated in our letter to your office on 28 June 2018, the minimum level of education qualification requirement (Australian Qualification Framework (AQF) 7 or above), combined with either the Graduate Diploma or Bridging Course requirement covering relevant practical knowledge, is an appropriate education pathways for financial advisers.

To demonstrate that they have attained the minimum level of education qualification requirement, financial advisers (including both existing advisers and new entrants) who have a foreign qualification should apply to FASEA for approval.

Also, as we stated in our letter to the Treasury in 2016 and commented in our letter to your office on June 2018, we recommend that FASEA recognise the CFA Charter as one of the approved foreign

qualifications in accordance with section 921V of the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017 covering the approval of foreign qualifications.

Our support for this proposal is based on the requirement for CFA charterholders to already hold a Bachelor's degree (equivalent to AQF Level 7), to have a minimum of four years of work experience, to have studied the depth and breadth of the three-year CFA Program curriculum with significant relevance to the mission of FASEA, and to be signatories to the ongoing CFA Code of Ethics and CPD requirements. In 2013, the UK National Recognition Information Centre (the "NARIC") benchmarked CFA Level III and the CFA charter at the Master's degree level (equivalent to AQF Level 9).

Please refer to our previous submissions for an overview of CFA Institute and of CFA Societies Australia, and background on the CFA charter.

Our responses to the specific questions raised by FASEA in the Paper are below.

Section 3: Foreign Qualification Roles & Responsibilities

S3.1 Do you agree that the NOOSR assessment is an appropriate approach in assessing the education level of an overseas qualification? If not, why not?

- We noticed that FASEA made an announcement on 2 August 2018 which clarified that "under its current draft guidance for Foreign Qualification assessment, individuals with qualifications gained outside Australia will need to obtain an assessment from the Department of Education and Training (DET)."¹
- Qualification assessments by the DET are "a guide to the level of an overseas qualification in terms of a qualification on the [AQF](#). [The] assessments are for general purposes and aim to assist individuals by helping organisations, such as a prospective employer, understand the educational level of an overseas qualification in the Australian context."²
- We agree that the DET assessment is an appropriate approach in assessing the education level of an overseas qualification using the AQF. However, we also note that the DET assessment does not compare foreign qualifications by study area, subject/units or competency standards.
- We also note that DET will only accept foreign qualification assessment under the following conditions:
 - Australian citizens or permanent residents that have been referred to the DET by a state/territory government Overseas Qualifications Unit (OQU); or
 - Australian citizens or permanent residents that are resident of New South Wales; or
 - There are no registration, licensing, professional membership or industry requirements for the Australian citizens' or permanent residents' occupation.

¹ <https://www.fasea.gov.au/clarification-foreign-qualification-assessment-process-incorporating-the-noosr-move-to-department-of-education/>

² <https://internationaleducation.gov.au/services-and-resources/services-for-individuals/qualifications-assessments/pages/qualification-assessment.aspx>

To avoid the duplication of effort by existing advisers that hold the same foreign qualifications, we recommend that FASEA recognise the foreign qualifications (including the CFA Charter) that can demonstrate they fulfil the minimum education requirement level, i.e. AQF 7 or above, as the approved foreign qualification.

Section 4: Foreign Qualification Requirements

- S4.1 Do you agree with the approach for approving New Entrant foreign qualifications? If not, why not?
- S4.2 Is there an alternative approach that should be considered for approving New Entrant foreign qualifications?
- S4.3 Do you agree with the approach for approving Existing Adviser foreign qualifications? If not, why not?
- S4.4 Is there an alternative approach that should be considered for approving Existing Adviser foreign qualifications?
- In principle, we agree with the approach for approving New Entrant and Existing Adviser foreign qualifications. The DET assessment provides information about the education level of a foreign qualification using the AQF. FASEA, as the Standards Authority, is responsible for the assessment of whether the foreign qualification is a relevant qualification.
 - In the FASEA document “Proposed Guidance on Education Pathways for Existing Advisers,” FASEA has determined that the following disciplines as major / specialisation can be identified as related qualifications, regardless of when they were obtained:
 - Financial Planning / Advice / Services
 - Accounting
 - Finance
 - Tax
 - Law
 - Economics
 - When assessing foreign qualification, we would recommend FASEA update the above disciplines as follow to further clarify the specialisations:
 - Financial Planning / Advice / Services
 - Accounting
 - Finance
 - Taxation in Australia
 - Laws of Australia
 - Economics

Section 5: Precedent Database

- S5.1 Do you agree that a Precedent Database and its availability on the FASEA website will be useful? If not, why not?
- S5.2 Do you agree with the information that will be updated periodically on the website? If not, why not?


- We agree that a Precedent Database published on the FASEA website would be useful.
- We also agree that the information included in the Precedent Database as suggested in the Paper. We would like to suggest the following additional information in the Precedent Database:
 - Department of Education Approval Date
 - FASEA Determination Date
- We agree that the information in the Precedent Database should be updated periodically. The additional information suggested above aims to remind the stakeholders the time relevancy of the approved Foreign Qualifications.

We would be pleased to discuss our comments in greater detail, or to provide any other assistance that would be helpful. If you have any questions, please do not hesitate to contact us at exec@cfas.org.au.

Yours sincerely,



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