

28th June 2018

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

Dear Dr. Brimble,

Re: Existing Adviser Qualifications Pathway - Proposed Guidance

On behalf of our members in Australia, 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") Proposed Guidance on Education pathways for Existing Advisers (hereafter the "Guidance").

FASEA and the CFA community share the same mission. FASEA was established in 2017 to set the education, training and ethical standards of licensed financial advisers in Australia. Our mission is to lead the investment profession globally by promoting the highest standards of ethics, education and professional excellence for the ultimate benefit of society.

We represent investment professionals worldwide, including financial advisers, before standard setters, regulatory authorities and legislative bodies worldwide in creating a world-class financial system that operates without conflicts of interest.

This letter provides:

- Our recommendation to FASEA on the Guidance
- Background on the CFA charter
- Feedback on the proposed education pathways
- Feedback on the public outcome

In January 2016, we submitted to the Commonwealth Treasury a letter expressing our view on the Corporations Amendment (Professional Standards of Financial Advisers) Bill 2015. We also submitted to your office on 1 June 2018 a submission providing our comment on FASEA's proposed Code of Ethics for Financial Advisers.

We believe in principle that the education standards proposed in the Guidance are appropriate for the Australian financial planning and investment advice industry. The minimum level of education qualification requirement (AQF 7 or above), combined with either the Graduate Diploma or Bridging Course requirement covering relevant practical knowledge, are appropriate education pathways. We also advocate for a continuing professional development requirement.

Our recommendation:

As we stated in our letter to the Treasury in 2016, we agree that minimum standards of competency need to be raised for financial advisers. As a minimum, 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.

Given the depth of study in the investment field and a significant emphasis on behavioural finance in the CFA program, under the current guidelines we recommend that CFA charterholders only be required to complete a Bridging Course on FASEA's Code of Ethics and Chapter 7 of the Corporations Act. We also recommend that these elements should be combined, given that the fiduciary responsibility and obligations of financial advisers are the key focus of Chapter 7.

Our support for this proposal is based on the requirement for charterholders to already hold a Bachelor's degree, to have a minimum of four years of work experience, to have studied the depth and breadth of the three-year CFA curriculum with significant relevance to the mission of FASEA, and to be signatories to the ongoing CFA Code of Ethics and CPD requirements.

The CFA Charter

While we understand that professional designations are not identified by the Australian Qualifications Framework (AQF) and do not equate to a qualification on their own, we agree with FASEA's view that the education undertaken as part of achieving a professional designation, such as the CFA charter, is a valuable component of professional expertise and background and, as such, should be recognised under the framework.

The CFA charter is a challenging and widely respected global post-graduate level investment management credential, with a recognised commitment to ethics and professionalism in the investment industry. Importantly, the comprehensive nature of the CFA program, through its three levels, prepares financial advisers to advise and service their clients in a competent, professional and ethical manner.

By definition, a CFA charterholder has already met the education pathway of "degree and a post-graduate qualification in a RELATED field of study" under the Guidance. As well as meeting "professional conduct admission criteria", entry into the CFA Program requires:

- Undergraduate education: A bachelor's (or equivalent) degree or be in the final year of your bachelor's degree program. Candidates must complete their bachelor's degree program in order to register for the Level II exam;
- Work experience: Four years of professional work experience (does not have to be investment related); or
- A combination of professional work experience and education that totals at least four years. Part-time positions do not qualify, and the four-year total must be accrued prior to enrollment.

<https://www.cfainstitute.org/programs/cfa/register/enrollment-requirements>

Earning the CFA charter requires the passing of a series of three examinations and four years of professional work experience. CFA Level I focuses on a knowledge of ten topic areas as defined in the CFA Program Candidate Body of Knowledge ("CBOK") and analysis using investment tools. This level can enhance advisers' understanding of investment principles, including portfolio theory. The Body of Knowledge is revised each year, after incorporating results from worldwide member surveys.

In Australia, since 2009, Level I of the CFA program, combined with the RG 146 Gap Training Program for CFA charterholders and candidates, has met the Australian Securities and Investment Commission's (ASIC) initial training requirements for "those providing financial product advice to retail clients." There are similar mutual recognitions around the world.

Passing both (CFA Level I and RG 146 Training Program) also satisfies the mandatory skills requirements for personal advice. As well, under the Trans-Tasman mutual agreement

between Australia and New Zealand, Australia now recognises CFA charterholders as having satisfied the requirements of Unit Standard Sets A, C, and D under The Code of Professional Conduct for Authorised Financial Advisers (AFAs). We recognise RG146 will no longer be a recognised standard but we feel the CFA Gap Program contains the required local regulatory elements.

CFA Level II emphasises the application of investment tools and concepts with a focus on the valuation of all types of assets. Level III of the CFA examination focuses on synthesising all the concepts and analytical methods **in a variety of applications for effective portfolio management, wealth planning and financial advice.**

In 2013, the UK National Recognition Information Centre (the “NARIC”) benchmarked CFA Level III and the CFA charter at the Masters degree level (AQF Masters Level 9). Over 30 securities commissions around the world, including ASIC, recognise the CFA program as one of the options for investment professionals to demonstrate competency and commitment to the highest ethical and professional standards.

FASEA has identified knowledge gaps in at least three key areas for advisers: the Corporations Act (Chapter 7 – which focuses on the responsibilities of AFSLs, specifically the provision of a Financial Services Guide (FSG) and Statement of Advice (SOA)), behavioural finance and ethics).

Successfully earning the CFA charter demonstrates a commitment to the highest ethical and professional standards as well as a mastery of a comprehensive range of advanced investment principles needed to successfully practise in the investment management and financial advice industry, including extensive understanding of behavioural finance and comprehensive study of ethical behaviour.

CFA Institute also partners with universities to offer world-class education and professional development opportunities. In Australia, 20 universities (listed in Appendix V) participate in our University Affiliation Program by embedding a significant portion (over 70 per cent) of the CFA Program Candidate Body of Knowledge (CBOK), including the Code of Ethics and Standards of Professional Conduct, in their curriculums.

Feedback on proposed education pathways

Are the proposed education pathways appropriate for each type of Adviser?

- In principle yes, although further clarity is required around “related degree” and “approved graduate diploma”. We also believe the “approved degree” list needs to be expanded given that many of these degrees have only been available for fewer than 10 years and many well educated financial advisers would be excluded from holding an “approved degree”.
- To promote diversity in the industry, we would recommend an alternative pathway for new entrants, where an individual with an unrelated degree can transition to become a financial adviser by following an approved education path or professional qualification such as the CFA.
- We would advocate for ongoing annual CPD for all pathways, not just new entrants.
- Recognition of Prior Learning (RPL) needs to be defined more clearly with examples, given RPL is typically no more than 50 per cent.

- We recommend reviewing the content of the CFA Gap program, which was designed to translate a globally recognised qualification to Australian regulation.

Feedback on the public outcome

Do you think increased education standards will assist in providing higher quality advice?

Do you think these education pathways meet the expectations of consumers?

- Education standards will assist in providing higher quality advice, but it is important to also recognise the importance of experience and ongoing education.
- The most important aspect of these changes is to foster trust in the industry and move financial planning towards a recognised profession. Education forms an important part of understanding the fiduciary duty that financial advisers have to their clients.
- We believe that increasing education standards will assist financial advisers in providing higher quality advice, whilst materially improving trust in the industry. In a global survey conducted by the CFA Institute in 2017, 78 per cent of investors in Australia said they believed it is important for investment firms to “employ investment professionals with credentials from respected industry organisations”.¹ In addition, 76 per cent of investors in Australia stated that they would be more trusting of investment firms that promote continuous professional development.²
- The CFA’s global ‘Let’s Measure Up’ campaign launched in January 2018 is a call to arms to the investment management industry to help build a better world for investors and to boost trust in the investment industry by upholding values and ethics, while broadening awareness of the CFA Institute’s charter.

As a professional organisation with members practising in the financial advice industry, we also believe that a requirement for financial advisers to meet a continuing professional development standard each year is the cornerstone for increasing education standards and providing higher quality advice. This annual requirement should apply to both new entrants and existing advisers. We suggest that FASEA seek further feedback from all stakeholders concerning CPD requirements.

The CFA community strongly supports the mission of FASEA. As a professional organisation whose foundation has been built upon a similar mission for decades, we believe that by leveraging CFA’s globally acknowledged and tested expertise and experience in competency and compliance, Australia can quickly and cost-effectively become a leader in best practice financial planning and advice.

We attach as appendixes the following documents for your consideration:

- The CFA Program Candidate Body of Knowledge Topic Outline and CFA examination topic area weights
- Overview of CFA Institute and of CFA Society Australia
- International Benchmarking Analysis of CFA Institute Qualifications Executive Summary by UK NARIC
- Global regulator recognition of CFA program

¹ [The Next Generation of trust: A Global Survey on the State of Investor Trust, p4](#)

² The Next Generation of trust: A Global Survey on the State of Investor Trust, p6

- List of Australian universities participating in the CFA Institute University Affiliation Program

Should FASEA wish to discuss any aspects of this letter, the CFA Institute and the CFA Societies Australia would be very pleased to respond to any questions or to arrange a meeting with relevant local members and / or CFA Institute staff.

If you have any questions, please do not hesitate to contact us at exec@cfas.org.au.

Yours sincerely,



Mr. Nick Pollard
Managing Director, APAC
CFA Institute



Mr. Ganesh Suntharam, CFA
President
CFA Society Sydney



Mr. Graeme Bibby, CFA
President
CFA Society Melbourne



Mr. Robert Huth, CFA
President
CFA Society Perth

APPENDIX I

The CFA Program Candidate Body of Knowledge Topic Outline and CFA examination topic area weights

The Candidate Body of Knowledge (“CBOK”) represents the core knowledge, skills, and abilities generally accepted and applied by investment professionals globally.

The CBOK is grounded in practice, meaning that panels and surveys of thousands of investment professionals have had input into the Course of Study through our practice analysis. We continuously evolve the CFA Program by connecting with practising investment management professionals, university faculty, and regulators to determine the critical knowledge, skills, and abilities that are needed in an investment role today. Getting direct feedback, insight, and perspective from industry practitioners is the most effective way to prepare the next generation for the demands of global capital markets.

Topic Areas	Examination Weights		
	Level 1	Level 2	Level 3
I. Ethical and Professional Standards A. Professional Standards of Practice B. Ethical Practices	15%	10-15%	10-15%
II. Quantitative Methods A. Time Value of Money B. Probability C. Probability Distributions and Descriptive Statistics D. Sampling and Estimation E. Hypothesis Testing F. Correlation Analysis and Regression G. Time-Series Analysis H. Simulation Analysis I. Technical Analysis	12%	5-10%	0%
III. Economics A. Market Forces of Supply and Demand B. The Firm and Industry Organisation C. Measuring National Income and Growth D. Business Cycles E. The Monetary System F. Inflation G. International Trade and Capital Flows H. Currency Exchange Rates I. Monetary and Fiscal Policy J. Economic Growth and Development K. Effects of Government Regulation L. Impact of Economic Factors on Investment Markets	10%	5-10%	5-15%
IV. Financial Reporting and Analysis A. Financial Reporting System (with an emphasis on IFRS) B. Analysis of Principal Financial Statements C. Financial Reporting Quality D. Analysis of Inventories and Long-Lived Assets	20%	15-20%	0%

<ul style="list-style-type: none"> E. Analysis of Taxes F. Analysis of Debt G. Analysis of Off-Balance-Sheet Assets and Liabilities H. Analysis of Pensions, Stock Compensation, and Other Employee Benefits I. Analysis of Inter-Corporate Investments J. Analysis of Business Combinations K. Analysis of Global Operations L. Ratio and Financial Analysis 			
<p>V. Corporate Finance</p> <ul style="list-style-type: none"> A. Corporate Governance B. Dividend Policy C. Capital Investment Decisions D. Business and Financial Risk E. Capital Structure Decisions F. Working Capital Management G. Mergers and Acquisitions and Corporate Restructuring 	7%	5-15%	0%
<p>VI. Equity Investments</p> <ul style="list-style-type: none"> A. Types of Equity Securities and Their Characteristics B. Equity Markets: Characteristics and Institutions C. Equity Portfolio Benchmarks D. Valuation of Individual Equity Securities E. Fundamental Analysis (Sector, Industry, Company) F. Equity Market Valuation and Return Analysis G. Closely Held Companies and Inactively Traded Securities H. Equity Portfolio Management Strategies 	10%	15-25%	5-15%
<p>VII. Fixed Income</p> <ul style="list-style-type: none"> A. Types of Fixed-Income Securities and Their Characteristics B. Fixed-Income Markets: Characteristics & Institutions C. Fixed Income Portfolio Benchmarks D. Fixed-Income Valuation (Sector, Industry, Company) and Return Analysis E. Term Structure Determination and Yield Spreads F. Analysis of Interest Rate Risk G. Analysis of Credit Risk H. Valuing Bonds with Embedded Options I. Structured Products J. Fixed-Income Portfolio Management Strategies 	10%	10-20%	10-20%
<p>VIII. Derivatives</p> <ul style="list-style-type: none"> A. Types of Derivative Instruments and Their Characteristics B. Forward Markets and Valuation of Forward Contracts 	5%	5-15%	5-15%

C. Futures Markets and Valuation of Futures Contracts			
D. Options Markets and Valuation of Option Contracts			
E. Swaps Markets and Valuation of Swap Contracts			
F. Credit Derivatives Markets and Instruments			
G. Uses of Derivatives in Portfolio Management			
IX. Alternative Investments			
A. Types of Alternative Investments and Their Characteristics			
B. Real Estate Valuation			
C. Private Equity/Venture Capital Valuation	4%	5-10%	5-15%
D. Hedge Fund Strategies			
E. Distressed Securities/Bankruptcies			
F. Commodities and Managed Futures			
G. Alternative Investment Management Strategies			
X. Portfolio Management and Wealth Planning			
A. The Investment Policy Statement			
B. Modern Portfolio Management Concepts			
C. Behavioral Finance			
D. Management of Individual/Family Investor Portfolios			
E. Management of Institutional Investor Portfolios			
F. Investment Manager Selection	7%	5-10%	40-55%
G. Economic Analysis and Setting Capital Market Expectations			
H. Tax Efficiency Strategies			
I. Asset Allocation			
J. Portfolio Construction and Revision			
K. Risk Management			
L. Execution of Portfolio Decisions (Trading)			
M. Performance Evaluation			
N. Presentation of Performance Results			
Total	100%	100%	100%

APPENDIX II

Overview of CFA Institute and of CFA Society Australia

CFA Institute

CFA Institute is the leading global association of investment professionals and sets the standard for professional excellence and credentials. Our mission is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

CFA Institute champions ethical behavior in investment markets and is a respected source of knowledge in the global financial community. Our end goal is to create an environment where investors' interests come first and markets function efficiently for the ultimate benefit of all members of society. The Institute is a non-profit organisation and the revenue required to fulfill our stated mission is sourced from membership and candidate fees.

CFA Institute has more than 150,000 members in 165+ countries and territories, and 150 member societies. The CFA Program is set at a very high standard where the pass rates typically average 50% at each level each year. For more information, please visit www.cfainstitute.org.

CFA Societies of Australia

CFA Societies Australia is a non-profit organisation representing the local member societies of Sydney, Melbourne and Perth, which are member societies of CFA Institute.

In Australia there are around 3,000 CFA charterholders in professional positions ranging from financial advisers to financial planners to fund managers and analysts to accountants. Our membership includes some of the most highly-regarded members of the financial services industry, including members employed by regulators in Australia.

Our aim is to help connect members to a global network of investment professionals and to promote fairness and integrity across the investment industry. Our CFA Societies Australia membership base includes portfolio managers, security analysts, financial advisers, financial planners and other financial professionals who:

- Promote ethical and professional standards within the investment industry;
- Encourage professional development through the CFA Program and continuing education;
- Facilitate the exchange of information and opinions among people within the local investment community and beyond; and
- Work to further the public's understanding of the CFA designation and investment industry.

For more information, please visit www.cfa-australia.com.au

In the past five years, we have had more than 10,000 candidates taking our CFA Program examination annually in Australia. We have also observed a growing number of university students taking the exam.

Total number of candidates		2013	2014	2015	2016	2017
	Australia	5,713	5,251	5,376	6,074	10,513
	Global	212,129	210,378	225,014	270,152	320,221

International Benchmarking Analysis of CFA Institute Qualifications

Executive Summary

Submitted by UK NARIC

The National Recognition Information Centre for the United
Kingdom

The national agency responsible for providing information and expert opinion on
qualifications and skills worldwide

27th September 2013
Commercial in confidence



UK NARIC has been commissioned by CFA Institute to undertake an international benchmarking study to compare the CFA qualifications against the education systems in Australia, Canada, Hong Kong, India, the Republic of Ireland, Malaysia, the Philippines, Singapore, South Africa, Switzerland, US, and the UK (in the context of the Scottish and Welsh systems). This project follows on from three previously conducted benchmarking exercises which examined the comparability of the CFA Program, the Certificate in Investment and Performance Measurement (CIPM) and the Claritas Investment Certificate respectively against the Qualifications and Credit Framework (QCF) used in England, Wales and Northern Ireland.

In conducting this study, UK NARIC has adapted its established methodological approach for evaluating international qualifications against qualification frameworks. In Australia, Canada, Hong Kong, Ireland, Malaysia, South Africa and the UK, which have national qualification frameworks in place, the overarching analysis focuses on comparing CFA Institute programmes against the skills and competencies outlined in the relevant framework level descriptors. In the absence of relevant qualification frameworks in India, the Philippines, Singapore, Switzerland and the US, comparisons are drawn between CFA Institute provision and nationally recognised qualifications in finance and investment. Relevant qualification components were considered including the duration, entrance requirements, programme content and structure, learning outcomes, modes of learning and assessment, associated outcomes and quality assurance, in line with UK NARIC's standard evaluation criteria. It should be noted that the report does not intend to demonstrate or imply equivalence with any of the specific programmes reviewed but rather to use the programmes as indicators of national qualification standards in order to help inform the overall comparability statements.

In summary, the analysis of CFA Institute qualification design against framework level descriptors has revealed similarities between the CFA and CIPM Program outcomes and the expected skills and competencies at higher qualification framework levels. Commonalities have been identified in a number of skill areas, including knowledge and understanding, application, and the autonomy and accountability typically associated with roles practised by qualification holders at the relevant levels. The CFA Level I and CIPM Principles Level demonstrate comparability in terms of their core outcomes to the level descriptors at Diploma of Higher Education level, with similar emphasis placed on developing a detailed knowledge and understanding of the field and on using analytical skills to solve problems in defined contexts.

CFA Level II and CIPM Expert Level, demonstrating a greater focus on application and solving complex problems in less defined contexts, have been found to be comparable with framework level descriptors representing completion of undergraduate studies. CFA Level III focuses on integration and synthesis of knowledge and evaluation, equipping candidates with the critical analytical skills to make decisions in less predictable contexts, reflecting a similar level of competence that expected at postgraduate level. While the evaluation process takes into account the additional work requirements to gain the CFA and CIPM designations, these have been found to hold the same academic standing as CFA Level III and CIPM Expert Level respectively.

As an introductory level, knowledge-based qualification, the Claritas Investment Certificate compares broadly to post-secondary training or specialised secondary level of education in the qualification frameworks reviewed. Descriptors at this level typically reference the ability to demonstrate a broad and basic knowledge and understanding of the field, correlating with the main outcome of the Claritas Certificate.

Transferrable skills such as communication, numeracy and IT skills, and those associated with higher level academic studies such as the application of research methodologies are not referenced in the CFA qualification Learning Outcome Statements (LOS). At the same time, it is acknowledged that many CFA candidates may have acquired many of these skills through completion of undergraduate level studies, an entrance requirement for enrolment onto the Program, and / or through their work experience.

Where required, supporting analysis of national tertiary level qualifications has also been conducted, revealing similarities in the content, learning and occupational outcomes with CFA Institute qualifications. The ability to solve complex financial problems using the relevant analytical techniques is as well developed in the CFA Program as in reviewed Master's degrees in finance. Furthermore, in terms of professional outcomes, the CFA Charter may confer a broadly similar level of occupational decision making ability as that associated with completing a Master's degree in finance in the countries included within this study.

In contrast to the self-directed mode of learning of the CFA Program, tertiary level qualifications are predominantly delivered on campus and are assessed by a variety of methods, with greater emphasis placed on independent research and discursive skills required for higher level academic study. The CFA Program assessment clearly focuses more intensively on analysis and application of knowledge in industry based scenarios than tertiary degrees which assess a range of skills, including research capability. It is also noted that while a Master's can allow for progression to higher study at doctoral level, the CFA Program, as a stand-alone professional qualification, does not specifically lead onto a higher level of academic study, Charterholders may however undertake more specialised professional training in specific subject areas such as performance measurement and risk management.

There are few nationally offered qualifications directly comparable to the CIPM or the Claritas programmes in the countries reviewed. As a highly specialised award, the CIPM is one of the few professional qualifications which focuses specifically on performance investment measurement. Despite the absence of directly related reference points, an observable comparability in the overall level of analytical rigour and complexity inherent in the problem solving based assessment has been identified between that expected at CIPM Expert level and the designation and that expected at Bachelor degree level in selected countries surveyed as part of this analysis.

Moreover, it has been observed that the introductory level Claritas Investment Certificate has few nationally recognised counterparts in the countries reviewed. As a Continuing Professional Development qualification for professional support staff in the investment industry, it occupies a niche position in international qualification provision in finance. Connections were however identified between the Claritas outcomes and those commonly

associated with selected upper secondary and post-secondary vocational qualifications, with both generally seeking to develop basic skills and knowledge required for administrative and operative positions.

The Philippine education system represents an interesting case in the context of this study in that the ranking of the awarding institution impacts the level of comparability for Bachelor and Master's degrees. Bachelor degrees offered by a number of highly ranked universities or recognised Centres of Excellence are considered comparable to their counterparts in the UK and other countries examined as part of this study. Comparative analysis of the CFA Program found that Level II compared closely to this level, whilst CFA Level I was comparable in standard to Philippine Bachelor degree standard.

Philippine Master's degrees are considered below the level of Master's provision in the UK and other countries examined. The analysis of CFA Program Level III found that although the Philippine Master's degree develops the skills required to effectively make decisions, enabling graduates to meet market challenges and opportunities, the skills required to conduct evaluation and integrate complex knowledge were not as well developed in the Philippine Master's as in the CFA Level III and the charter. The main conclusion therefore was that the CFA Level III and the charter exceed the level of a Philippine Master's degree. It is also important to add that although a Philippines Qualification Framework (PQF) has been proposed and level descriptors have been drafted, it is not yet fully operational at the time of writing and as such it has not been used as the basis for referencing the CFA qualifications.

It is important to note that the benchmarking of the CFA Institute qualifications has been established based on broad connections in outcomes, while recognising the differences that exist between tertiary level qualifications and professionally oriented, industry led awards such as those offered by CFA Institute. The intention is therefore not to imply equivalency between qualifications, but to provide an indication of comparability between CFA Institute programmes and the selected national education systems in terms of overall level and standard. The report has clearly noted differences, together with identified lines of similarity, enabling the comparisons to be seen in the appropriate context.

Table 1 demonstrates the comparability between CFA Institute's professional designations and the Claritas Investment Certificate and relevant nationally recognised qualifications in the countries selected for this analysis.

Table 1: Benchmarking CFA Qualifications against International Qualification Frameworks

		Claritas Investment Certificate	CIPM			CFA Program			
			Principles	Expert	Designation	Level I	Level II	Level III	Designation
Australia	Framework level standard	4	6	7	7	6	7	9	9
	Qualification level standard	Certificate IV	Advanced Diploma	Bachelor degree	Bachelor degree	Advanced Diploma	Bachelor degree	Master's degree	Master's degree
Canada	Framework level standard	5	9	10	10	9	10	12	12
	Qualification level standard	Certificate III (Ontario)	Post-Diploma (Ontario)	Bachelor degree	Bachelor degree	Post-Diploma (Ontario)	Bachelor degree	Master's degree	Master's degree
Hong Kong	Framework level standard	3	4	5	5	4	5	6	6
	Qualification level standard	Advanced Certificate	Advanced Diploma	Bachelor degree	Bachelor degree	Advanced Diploma	Bachelor degree	Master's degree	Master's degree
India	Framework level standard	Not Applicable*							
	Qualification level standard	Diploma (from a State Technical Board)	No direct comparability**	Bachelor degree	Bachelor degree	No direct comparability**	Bachelor degree	Master's degree	Master's degree
Ireland	Framework level standard	5	6	7	7	6	7	9	9
	Qualification level standard	NFQ Certificate Level 5	Higher Certificate	Bachelor degree	Bachelor degree	Higher Certificate	Bachelor degree	Master's degree	Master's degree
Malaysia	Framework level standard	3	5	6	6	5	6	7	7
	Qualification level standard	Certificate Standard	Advanced Diploma	Bachelor degree	Bachelor degree	Advanced Diploma	Bachelor degree	Master's degree	Master's degree

International Benchmarking Analysis of CFA Institute Qualifications

UK NARIC

Philippines	Framework level standard	Not Applicable*							
	Qualification level standard	No direct comparability**	Bachelor degree	Bachelor degree from a highly ranked university / Centre of Excellence	Bachelor degree from a highly ranked university / Centre of Excellence	Bachelor degree	Bachelor degree from a highly ranked university / Centre of Excellence	No direct comparability**	No direct comparability**
Scotland	Framework level standard	5	8	9	9	8	9	11	11
Singapore	Framework level standard	Not Applicable							
	Qualification level standard	Higher Nitec	Specialist Diploma	Bachelor degree	Bachelor degree	Specialist Diploma	Bachelor degree	Master's degree	Master's degree
South Africa	Framework level standard	4	6	7	7	6	7	9	9
	Qualification level standard	National Certificate Level 4	National Certificate Level 6	Bachelor degree	Bachelor degree	National Certificate Level 6	Bachelor degree	Master's degree	Master's degree
Switzerland	Framework level standard	Not Applicable*		Nqf.ch.HS Bachelor	Nqf.ch.HS Bachelor	Not Applicable*	Nqf.ch.HS Bachelor	Nqf.ch.HS Master	Nqf.ch.HS Master
	Qualification level standard	No direct comparability**	No direct comparability**	Bachelor degree / Licence	Bachelor degree / Licence	No direct comparability**	Bachelor degree / Licence	Master's degree	Master's degree
USA	Framework level standard	Not Applicable*							
	Qualification level standard	Advanced Placement	No direct comparability**	Bachelor degree	Bachelor degree	No direct comparability**	Bachelor degree	Master's degree	Master's degree
Wales	Framework level standard	3	5	6	6	5	6	7	7

Notes

*'Not Applicable' is used for countries without an implemented national qualifications framework at the time of writing or where the national framework does not incorporate levels of education relevant to this study

**No direct comparability is used to denote instances where there are no available national qualifications falling at the educational level represented by the relevant CFA examination or designation. In these cases further guidance has been provided in the relevant sections of the report to explain further why no comparability has been given.

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APPENDIX IV



REGULATOR AND PROGRAM RECOGNITION

For the CFA®, CIPM®, and Claritas® Programs

In its Regulator and Program Recognition efforts, CFA Institute (recognition@cfainstitute.org) strives to:

- Focus on member value
- Enhance CFA Institute programs
- Spread awareness of the CFA, CIPM, and Claritas Programs
- Increase global recognition of our designations through benchmarking and by the acquisition of waivers

Twenty-eight countries/territories formally recognize our programs.

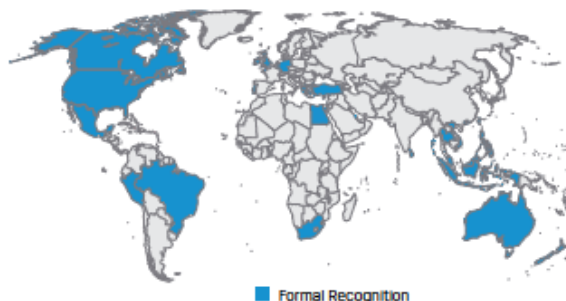
REGULATOR RECOGNITION

The United States of America:

- The New York Stock Exchange (NYSE) exempts those who have passed CFA Level I and Part I of the NYSE Supervisory Analysts Qualification Exam (series 16) from part II of this two-part exam.
- The NYSE and the Financial Industry Regulatory Authority (FINRA) require that their members who function as research analysts pass the Research Analyst Qualification Examination (series 86 and 87). A research analyst who has passed CFA Levels I and II may request an exemption from Series 86.
- Charterholders receive a waiver from the Uniform Investment Adviser Examination (series 65) from all the states requiring a licensing exam for investment advisers and investment adviser representatives.
- The CIPM program is recognized on FINRA's list of professional designations in the investment field.
- The Claritas Investment Certificate is accredited by the Florida State Bar for MCLE Credits. The approval is for 30 General Credits and 3 Credits in Ethics.

Australia: Level I of the CFA program, combined with the RG 146 Gap Training Program for CFA charterholders and candidates, meets the Australian Securities and Investment Commission's (ASIC) initial training requirements for "those providing financial product advice to retail clients." Passage of both (CFA Level I and RG 146) also satisfies the mandatory Skills requirements for Personal Advice. Under the Trans-Tasman mutual agreement between Australia and New Zealand, Australia now recognizes CFA charterholders as having satisfied the requirements of Unit Standard Sets A, C, and D under The Code of Professional Conduct for Authorized Financial Advisers (AFAs).

Bahrain: The Central Bank of Bahrain (CBB) accepts the CFA charter as meeting the qualification requirement for the controlled functions of Head of Treasury, Financial Instruments Trader, and Investment Consultant/Investment Adviser. In addition, CFA charterholders are exempted from the mandatory Financial Advice Program (FAP) level II for all individuals who provide financial advice. Tamkeen provides funding for all three levels of the CFA program and for Claritas.



Brazil: The Comissão de Valores Mobiliários (CVM) exempts successful CFA Level II candidates from the requirements of taking the global content exams of the National Certificate of Professional Investment (CNPI).

Canada:

- Although requirements vary by province, successful CFA candidates and charterholders are eligible for regulatory recognition. This recognition includes a portion of the qualifications for the positions of portfolio manager and investment counsel (Ontario); qualification to advise in derivatives, commodity futures, or exchange contracts (British Columbia); and qualification for the position of securities adviser (Ontario, Saskatchewan, and Alberta).
- The Claritas Investment Certificate is accepted by the Investment Industry Regulatory Organization of Canada (IIROC) Glossary of Financial Certifications.
- CFA Institute is designated as a Recognized Educational Institution by Revenu Quebec, the taxing authority in Quebec. Quebec citizens are eligible for a tax credit for the enrollment fees for any CFA Institute program.

Egypt: The Egyptian Financial Supervisory Authority (EFSA) requires that all securities intermediaries fill eleven specific job roles. Individuals who have passed CFA Level I are exempted from the exam requirement for relevant positions.

Germany: The Deutsche Börse AG accepts the passage of CFA Level III as fulfillment of the professional requirement necessary to be an exchange trader.

Greece: To those who have passed CFA Level III, Capital Market Commission (CMC) grants waivers for licensing requirements for analysts, portfolio managers, investment advisers, brokers, and registered representatives.

Hong Kong: The Hong Kong Securities and Futures Commission (SFC) recognizes the CFA Level I Exam as a Recognized Industry Qualification (RIQ) for licensed representatives and waives certain licensing exams. In addition, the CFA charter is a recognized professional qualification under the responsible officers competency guidelines.

www.cfainstitute.org/ethics/recognition

Indonesia: Bapepam-LK requires that, to operate a collective investments scheme, at least one officer in the fund must hold a CFA charter.

Ireland: The Qualified Financial Adviser (QFA) Board exempts charterholders from two of the six modules needed to earn the Professional Diploma in Financial Advice. The Institute of Bankers School of Professional Finance exempts those who have passed the CFA Level I exam from the Securities and Market module required to earn the Professional Certificate in Stockbroking. The Institute of Bankers grants CFA charterholders exemptions from the Savings & Investments and Loans modules of the QFA/APA qualifications.

Israel: The Israel Securities Authority (ISA) requires the passage of six exams and a nine month internship to become a Portfolio Manager. The ISA waives exams five and six, as well as the nine month internship, for CFA charterholders. Also, waivers for exams two, three, and four, should be applied for.

Jersey: The Jersey Financial Services Commission recognizes the CFA program as an Acceptable Professional Qualification for the investment business.

Malaysia: The Securities Commission (SC) Malaysia waives CFA charterholders from Modules 7, 10, 12, and 14 of the SC Licensing Examinations.

Mexico: The Mexican Market for Derivatives (MEXDER), in conjunction with Asociación Mexicana de Intermediarios Bursátiles (AMIB), waives its certificate renewal exam, given by AMIB, for those who have passed the CFA Level I exam. CONSOR recognizes the CFA charter as meeting certification requirements for AFORES. AFORES are private institutions in charge of administration and investment of retirement savings.

Netherlands: Passing the CFA Level I exam qualifies for exemptions on becoming a senior investment adviser, fund manager, or financial analyst. Earning the CFA charter qualifies charterholders for exemptions on becoming a senior fund manager, or senior analyst.

New Zealand: The Code of Professional Conduct for Authorized Financial Advisers (AFAs) recognizes CFA charterholders as having satisfied the requirements of Unit Standard Sets A, C, and D.

Peru: The Administradores de Fondos Pensiones (AFP) require CFA Level I as fulfillment of SPS Regulation 114-2005 which defines the minimum qualification and experience requirements to ensure adequate technical competence of employees. In addition, passage of the CFA Level I meets the minimum requirements for becoming a Director of Markets Regulation of the Securities Exchange (SMV).

Philippines: The Philippine Securities and Exchange Commission requires at least one mutual fund manager in each member institution to have passed CFA Level I.

Portugal: The Comissão do Mercado de Valores Mobiliários (CMVM) recognizes the CFA charter as fulfillment of the qualifications needed as an investment adviser or financial analyst.

Singapore: The Monetary Authority of Singapore recognizes the CFA charter as providing an exemption from several modules of the Capital Markets and Financial Advisory Services (CMFAS) Exam for those seeking a license as a fund manager or financial advisor representative.

South Africa: The Financial Services Board (FSB) recognizes the CFA charter as fulfillment of Category I, II, IIA, III, and IV of the Financial Services Provider's (FSP) entry level qualification for the Key Individuals and Representatives licensing process.

Sri Lanka: CFA charterholders meet the requirement to practice as Investment Manager managing client funds.

Taiwan: CFA charterholders are exempt from taking the Securities Investment Trust Licensing Exam.

Thailand: Passing CFA Level III (or Level I with experience) meets the requirements to be a fund manager.

Turkey: The Capital Markets Board of Turkey considers passage of: (1) CFA Level I as equivalent to the Capital Markets Activity Level I License; (2) CFA Level II as equivalent to the Capital Markets Activity Level 2 License; and (3) CFA Level as equivalent to the Capital Markets Activity Level 3 License.

United Kingdom: The Financial Conduct Authority (FCA) recognizes three CFA related RDR compliant routes in conjunction with the Investment Management Certificate (IMC): IMC (level 4 qualifications) + CFA Level I; CFA + IMC Unit 1; CFA + Full IMC (level 3) + CPD gapfill. In addition, the FCA recognizes the Claritas Investment Certificate as "Key 4" for five different job roles.

Vietnam: The State Securities Commission has exempted those who have passed Level II of the CFA exam from requirements relating to the issuance of securities practicing certificates. Charterholders are exempt from the three-year work experience requirement to obtain the fund management practicing certificate.

BENCHMARKING AND ACCREDITATION EXAMPLE

UK National Academic Information Centre (NARIC):

- The CFA Program was benchmarked as comparable to an English Qualification and Credit Framework (QCF) Master's level 7 qualification.
- The CIPM Program was benchmarked as comparable to a QCF Bachelor's level 6 qualification.

CERTIFICATION PROGRAM AND EDUCATIONAL RECOGNITION EXAMPLES

Association of Chartered Certified Accountants (ACCA): CFA charterholders are exempt from one (Financial Accounting, F3) of five mandatory exams.

Professional Risk Manager (PRM): The Professional Risk Manager program recognizes other professional designations and gives partial credit towards completion of the requirements for the PRM certification. CFA charterholders need only pass PRM exams III and IV to obtain the PRM designation.

University of California Berkeley, Haas: Waiver for 2 MBA courses with CFA Level III completion.

CONSULTATION PAPER EXAMPLE

CFA Institute responded to the European Commission's consultation paper on the **Professional Qualifications Directive**. The purpose of this consultation paper was to seek comment on several Commission proposals to encouraging the mobility of professionals throughout the European Union.

APPENDIX V

List of Australian universities participating in the CFA Institute University Affiliation Program.

All courses listed embed at least 70% of the CFA curriculum (Candidate Body of Knowledge).

University	Degree Programs	
Australian National University	<ul style="list-style-type: none"> • Bachelor of Finance (BFIN) with a Major in Corporate Finance and Investment Management 	<ul style="list-style-type: none"> • Master of Finance
Bond University	<ul style="list-style-type: none"> • Bachelor of Commerce • Bachelor of Actuarial Science • Master of Actuarial Science 	<ul style="list-style-type: none"> • Master of Actuarial Practice • Master of Finance • Master of Financial Management
Curtin University	<ul style="list-style-type: none"> • Bachelor of Commerce in Finance • Bachelor of Commerce in Banking and Finance • Bachelor of Commerce in Economics and Finance 	<ul style="list-style-type: none"> • Master of Finance • Master of Commerce in Applied Finance
Griffith University	<ul style="list-style-type: none"> • Bachelor of Commerce major in Finance • Master of Finance (on-campus) 	<ul style="list-style-type: none"> • Master of Finance (online)
La Trobe University	<ul style="list-style-type: none"> • Master of Financial Analysis 	<ul style="list-style-type: none"> • Master of Financial Analysis (Investment)
Macquarie University	<ul style="list-style-type: none"> • Bachelor of Applied Finance 	<ul style="list-style-type: none"> • Master in Applied Finance
Monash University	<ul style="list-style-type: none"> • Bachelor of Business • Bachelor of Business Banking and Finance • Bachelor of Commerce 	<ul style="list-style-type: none"> • Bachelor of Commerce Accounting and Finance • Master of Applied Finance
Queensland University of Technology	<ul style="list-style-type: none"> • Bachelor of Business in Finance 	<ul style="list-style-type: none"> • Master of Business in Applied Finance
SP Jain School of Global Management	<ul style="list-style-type: none"> • Bachelor of Business Administration 	
The University of Queensland	<ul style="list-style-type: none"> • Bachelor of Commerce in Finance 	
University of Adelaide	<ul style="list-style-type: none"> • Master of Accounting and Finance 	<ul style="list-style-type: none"> • Master of Applied Finance
University of Melbourne	<ul style="list-style-type: none"> • Master of Finance • Bachelor of Commerce in Finance 	<ul style="list-style-type: none"> • Master of Management in Accounting and Finance
University of New South Wales	<ul style="list-style-type: none"> • Bachelor of Commerce in Finance • Master of Commerce in Finance 	<ul style="list-style-type: none"> • Master of Finance
University of South Australia	<ul style="list-style-type: none"> • Bachelor of Commerce • Bachelor of Applied Finance • Master in Finance • Master of Finance Banking 	<ul style="list-style-type: none"> • Bachelor of Commerce • Bachelor of Applied Finance • Master in Finance • Master of Finance Banking

University of Sydney	<ul style="list-style-type: none"> • Bachelor of Commerce, Finance 	<ul style="list-style-type: none"> • Bachelor of Economics, Finance
University of Technology Sydney	<ul style="list-style-type: none"> • Bachelor of Business in Finance 	<ul style="list-style-type: none"> • Master of Business in Finance
University of Western Australia	<ul style="list-style-type: none"> • Bachelor of Science in Finance 	
University of Wollongong	<ul style="list-style-type: none"> • Bachelor of Commerce in Finance 	
Victoria University	<ul style="list-style-type: none"> • BBICA Bachelor of Commerce Applied Finance • BBLC Bachelor of Commerce Applied Finance • Bachelor of Laws 	<ul style="list-style-type: none"> • LHLC Bachelor of Laws (Honours) • Bachelor of Commerce Applied Finance
Western Sydney University	<ul style="list-style-type: none"> • Master of Applied Finance 	