

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

ANSWERS TO QUESTIONS ON NOTICE

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

FINANCIAL ADVICE SECTOR

30 June 2020

Division/Agency: Financial Adviser Standards and Ethics Advisory Ltd (FASEA)

Question No: FAS01QON

Topic: Consultation on Code of Ethics

Reference: Hansard page 22 (30 June 2020)

Member: Wilson

Question:

CHAIR: You say you had consultation. Can you take on notice that we'd like to know what you mean by consultation and with which groups? When you say you consulted, who were you consulting with?

Mr Glenfield: I'm happy to take that on notice. We took a similar question at Senate estimates and it is already on record [inaudible] broad range of stakeholders.

CHAIR: But what does that mean? Does that mean representative bodies or does that mean individuals who raised complaints with FASEA?

Mr Glenfield: In terms of the requirements for consultation under the Corporations Act [inaudible] range of people we are [inaudible] stakeholders, which includes industry associations. We consult with regulators, we consult with consumer groups, and we consult with licensees who represent their advisers. We take numerous inquiries from individuals, which we do answer. In the last 12 months, we've dealt with [inaudible] thousand individual adviser inquiries around the standards, as in taking [inaudible].

CHAIR: That is why I would like a copy of the consultation timeline. There may have been one at estimates, but it would be good for you to outline it for this committee to make sure that we feel confident that you've done your role.

Answer:

Pursuant to Section 921U(2)(b) of the Corporations Act (2001), FASEA is required, by legislative instrument, to make a Code of Ethics for the purposes of Section 921E of the Act.

Section 921U(6) of the Act requires that before making the legislative instrument FASEA must consult:

- a) financial services licensees; and
- b) relevant providers; and
- c) associations representing consumers of financial services; and
- d) professional associations; and
- e) ASIC and the Department; and
- f) any other person or body that the standards body considers it appropriate to consult.

Section 921U(7) provides that FASEA is taken to have consulted the persons and bodies mentioned in that subsection if, on its website, the standards body:

- a) before making a legislative instrument under subsection (2), (3) or (5):
 - i. makes the proposed legislative instrument, or a description of the content of the proposed legislative instrument, available; and
 - ii. invites those persons and bodies to comment on the proposed legislative instrument;

FASEA complied with its legislative requirements in consultation on the Code of Ethics as detailed in the following.

The Code of Ethics draft standard was published on the FASEA website on 20th March 2018 inviting comment on the proposed standard by 1 June 2018. During the consultation period 37 written submissions were received. A list of organisations who made written submissions regarding the draft standard is detailed in **Attachment 1** to this response.

Following the initial consultation period, on 21 November 2018, FASEA published on its website, draft Legislative Instrument (LI) and Explanatory Statement (ES) for the Code of Ethics. FASEA invited comment on the draft LI and ES by 19 December 2018. During this consultation period 18 written submissions were received. A list of organisations who made written submissions on the LI and ES is detailed in **Attachment 2** to this response.

In addition to meeting its legislative requirement to invite comment on the FASEA website published Code of Ethics consultation documents, FASEA held a series of face to face consultation briefings and meetings with stakeholders including licensees, industry associations, higher education providers and consumer representatives. FASEA further held a number of stakeholder forums to receive additional feedback as follows:

Date	Consultation Forum Purpose	Stakeholders	Approximate No. of Attendees
23 & 24 May 2018	Consultation on: <ul style="list-style-type: none"> • Draft Code of Ethics • Education Pathways • FASEA's Work Program 	<ul style="list-style-type: none"> • Industry Associations • Licensees (representing small, medium and large businesses) • Higher Education Providers 	80
29 June 2018	Consultation on: <ul style="list-style-type: none"> • Draft Code of Ethics • Education Pathways • FASEA's Work Program 	Consumer Representatives	12
12 November 2019	Consultation briefing on COE Guidance (released 17 October 2019)	Higher Education Providers	20
13 November 2019	Consultation briefing on COE Guidance (released 17 October 2019)	Industry Associations	25

Date	Consultation Forum Purpose	Stakeholders	Approximate No. of Attendees
14 November 2019	Consultation briefing on COE Guidance (released 17 October 2019)	Licensees (representing small, medium and large businesses)	60
19 November 2019	Consultation briefing on COE Guidance (released 17 October 2019)	ASIC	6
19 November 2019	Consultation briefing on COE Guidance (released 17 October 2019)	Exam Administrator	20
21 November 2019	Consultation briefing on COE Guidance (released 17 October 2019)	Consumer Representatives	2
26 November 2019	Consultation briefing on COE Guidance (released 17 October 2019)	Licensee	4
2 December 2019	Consultation briefing on COE Guidance (released 17 October 2019)	TPB	6
4 December 2019	Consultation briefing on COE Guidance (released 17 October 2019)	Licensee	6
10 December 2019	Consultation on COE Guidance (released 17 October 2019)	Consumer Representatives	6

A list of stakeholders (by organisation) who attended these consultation briefings is attached as **Attachment 3** to this response.

FASEA has continued to discuss Code of Ethics guidance material with stakeholders in 2020. For the year to date we have held meetings with consumer representatives (2), industry associations (10), Licensees (39) and compliance consultants (7). These meetings have afforded FASEA the opportunity to understand how the Code of Ethics is being applied in practice and to receive feedback on areas stakeholders consider they would benefit from further guidance.

A list of stakeholders (by organisation) who have participated in these discussions is attached as **Attachment 4** to this response.

Code of Ethics	
Submissions made during consultation period from 20 March 2018 to 1 June 2018	
1. AFA	Association of Financial Advisers
2. AFMA	Australian Financial Markets Association
3. AIF	Asian Institute of Finance
4. APESB	Accounting Professional & Ethical Standards Board Limited
5. ASDAA	Association of Securities & Derivatives Advisers of Australia
6. ASIC	Australian Securities and Investments Commission
7. ATHOC	Australian Timeshare and Holiday Ownership Council
8. BTFG	BT Financial Group
9. CAANZ	Chartered Accountants Australia and New Zealand
10. CFA	Chartered Financial Analyst Societies Australia
11. CHOICE	CHOICE Community
12. Clear View	Clear View Financial Advice
13. CPA	Certified Practising Accountant (CPA) Australia
14. Consumer Representatives	Authored by Hugh Breakey & Charles Samford
15. FINSIA	Financial Services Institute of Australasia
16. FNS IRC	Financial Services Industry Reference Committee
17. FPA	Financial Planning Association of Australia
18. FSC	Financial Services Council
19. GRCI	Governance Risk Compliance Institute
20. IFAAA	Independent Financial Advisers Association of Australia
21. PSC	Professional Standards Council
22. SAFAA	Stockbrokers and Financial Advisers Association
23. SMSFA	Self Managed Super Fund Association
24. TPB	Tax Practitioners Board
	11 Individual Submissions
	2 Confidential Submissions

Code of Ethics	
Submissions made during consultation period from 21 November 2018 – 19 December 2018	
1. AFA	Association of Financial Advisers
2. AFCA	Australian Financial Complaints Authority
3. APESB	Accounting Professional & Ethical Standards Board Limited
4. ASIC	Australian Securities and Investments Commission
5. ATHOC	Australian Timeshare and Holiday Ownership Council
6. CAANZ	Chartered Accountants Australia and New Zealand
7. CIMA	Certified Investment Management Analyst Society
8. CPA	Certified Practising Accountant (CPA) Australia
9. Deakin	Deakin Business School
10. FINSIA	Financial Services Institute of Australasia
11. FPA	Financial Planning Association of Australia
12. FSC	Financial Services Council
13. Millennium3 et al	Millenium3, Retire Invest Advice & Financial Services Partners
14. Portfolio Construction	Portfolio Construction Forum
15. QUT	Queensland University of Technology – Business School
16. SAFAA	Stockbrokers and Financial Advisers Association
	2 Individual Submissions

23 & 24 May 2018 Consultation on Draft Code of Ethics; Education Pathways; & FASEA's Work Program	
Stakeholders	Organisations Represented
Industry Associations	<ol style="list-style-type: none"> 1. Chartered Accountants Australia and New Zealand (CAANZ) 2. CPA Australia (CPA) 3. Association of Financial Advisers (AFA) 4. Australian Banking Association (ABA) 5. Financial Services Council (FSC) 6. Financial Planning Association (FPA) 7. SMSF Association (SMSFA) 8. Stockbrokers and Financial Advisers Association (SAFAA)
Licensees (representing small, medium and large businesses)	<ol style="list-style-type: none"> 1. AMP 2. ANZ 3. Bendigo and Adelaide Bank 4. BT Financial Group 5. Commonwealth Bank 6. Fortnum Private Wealth 7. GPS Wealth and Merit Wealth 8. Infocus 9. Macquarie Group 10. Madison Financial Group 11. NAB 12. Profile Financial Services 13. Sentinel Wealth 14. Stanford Brown 15. StatePlus 16. Suncorp 17. Sunsuper
Higher Education Providers	<ol style="list-style-type: none"> 1. University of New England 2. RMIT University 3. Kaplan Professional 4. Curtin University 5. The University of Adelaide 6. Western Sydney Uni 7. Charles Sturt University 8. Flinders University 9. Queensland University of Technology 10. University of Newcastle 11. Griffith University 12. James Cook University 13. Swinburne University 14. University of Tasmania 15. University of South Australia 16. University of Wollongong 17. University of NSW

29 June 2018 Consultation on Draft Code of Ethics; Education Pathways; & FASEA's Work Program	
Stakeholders	Organisations Represented
Consumer Representatives	<ol style="list-style-type: none"> 1. Choice 2. West Justice 3. Financial Ombudsman Service 4. COTA Australia 5. National Seniors 6. Community Legal Centres QLD 7. Caxton Legal Centre

November – December 2019 Consultation on Code of Ethics Guidance (released 17 October 2019)	
Stakeholders	Organisations Represented
Education Providers	<ol style="list-style-type: none"> 1. Australian Catholic University 2. Central Queensland University 3. Charles Sturt University 4. Curtin University 5. Deakin University 6. Flinders University 7. Griffith University 8. James Cook University 9. Kaplan Professional (Higher Ed) 10. NSW TAFE 11. TAL Education Academy 12. University of Adelaide 13. University of New England 14. University of New South Wales 15. University of Newcastle 16. University of Technology Sydney 17. Western Sydney University
Industry Associations	<ol style="list-style-type: none"> 1. Association of Financial Advisers (AFA) 2. ATHOC 3. Australian Financial Markets Association 4. AIST (Australian Institute OF Superannuation Trustees) 5. Australian Bankers Association (ABA) 6. CFA Institute 7. Chartered Accountants Australia New Zealand (CAANZ) 8. CPA Australia 9. Financial Services Council 10. Financial Planners Association (FPA) 11. FINSIA 12. IMAP 13. Responsible Investment Association Australasia 14. Stockbrokers and Financial Advisers Association (SAFAA) 15. The SMSF Association 16. Workplace Super

<p>Licensees (representing small, medium and large businesses)</p>	<ol style="list-style-type: none"> 1. Affinia 2. AIA 3. AMP 4. ANZ Private Banking and Advice 5. Australian Unity Financial Services 6. BT Financial Group 7. Centerpoint Alliance 8. Charter 9. Clearview Financial Services 10. Commonwealth Bank Private Wealth 11. Commonwealth FP (CBA) 12. Count Financial Group 13. Crestone 14. Easton Wealth 15. Fitzpatrick's 16. Fortnum 17. GPS Wealth 18. IMAP 19. IOOF 20. Lavista 21. Lifespan Financial Planning 22. Link Advice 23. Macquarie Group 24. Maddens 25. Madison Financial Group 26. MLC 27. Morgan Stanley Wealth Management Australia 28. Morgans 29. NAB FP 30. NAB Financial Markets 31. Paragem 32. PHD Consult 33. Qsuper/ Qinvest 34. Sentinel Wealth Management 35. Shaw and Partners 36. Stanford Brown 37. Suncorp 38. Synchron 39. True Direction Financial 40. The Wealth Network
<p>Regulators</p>	<ol style="list-style-type: none"> 1. ASIC 2. TPB 3. AFCA
<p>Consumer Representatives</p>	<ol style="list-style-type: none"> 1. CHOICE 2. Financial Counselling Australia

Code of Ethics Guidance Forums During 2020 (Guidance released December 2019)	
Stakeholders	Organisations Represented
Consumer Representatives	<ol style="list-style-type: none"> 1. Financial & Consumer Rights Council 2. Financial Counsellors' Association of NSW
Industry Association	<ol style="list-style-type: none"> 1. SAFAA 2. IMAP 3. FPA 4. FSC 5. SMSFA 6. CAANZ 7. PIFA 8. AFA 9. CPA 10. FINSIA
Compliance Consultants	<ol style="list-style-type: none"> 1. Smart compliance 2. Assured Support 3. Tangelo Compliance Consulting 4. Integrity Compliance 5. Your Compliance 6. NEO Financial Solutions 7. Holley Nethercote
Licensees (representing small, medium and large businesses)	<ol style="list-style-type: none"> 1. Affinia 2. AMP 3. ANZ 4. Aust Unity Fin Services 5. Bendigo Adelaide 6. Bridges 7. BT/Westpac 8. CBA Financial Planning 9. CBA Private Wealth 10. Centerpoint Alliance 11. Clearview Financial Services 12. Crestone 13. Count Financial Group 14. Easton Wealth 15. Fitzpatricks 16. Fortnum 17. GPS Wealth 18. Hewisons Private Wealth 19. IOOF 20. La Vista 21. Lifespan FP 22. Link Advice 23. Macquarie Group 24. Morgan Stanley Wealth Management Aust

Code of Ethics Guidance Forums During 2020

(Guidance released December 2019)

Stakeholders	Organisations Represented
	25. Morgans Financial Ltd 26. My Planner Aust 27. NAB 28. Paragem 29. Qsuper/Qinvest 30. Sentinel Wealth Management 31. Stanford Brown 32. State Super Fin Services/First State Super 33. Stewart Partners 34. Suncorp 35. Sunsuper 36. Synchron 37. The Wealth Network 38. Unisuper 39. Vic Super