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Response to ASIC Consultation Paper 215 –Assessment and approval of training courses for financial product advisers: Update to RG 146

The following response is provided by Pajeska Group Pty Ltd. The director Marija Pajeska has been involved in the field of compliance for over 15 years and has worked with many financial service providers and advisers in the broking, advisory and dealing sector.

Our specific comments to each of ASIC's proposals in the Consultation Paper are detailed in Annexure A of this letter. If you would like to discuss any of the comments made, please do not hesitate to contact me.

Yours Sincerely

Marija Pajeska
Director

Replacement of ASIC Training Register

B1 proposal: ASIC proposes to:

a) replace the ASIC Training Register with draft [CO 14/XX] to permit:
   i. RTOs and SAOs to self-assess their own courses as authorized assessors; and
   ii. RTOs, SAOs and professional or industry associations accredited by ASIC to assess courses delivered by other training course providers; and

b) retain an archived ASIC Training Register as a reference tool for AFS licensees and advisers who have completed that were on the ASIC Register on 24 September 2012.

ASIC Question		Response
B1Q1	Do you agree with our proposal to replace the ASIC Training Register with draft [CO 14/XX]? If not, why not?	Yes, provided that ASIC is clear in RG146 as to its expectations for an AFS licensee to verify whether or not a training course has been assessed by an authorized assessor and verify the credentials held by an authorised assessor. Paragraph 34 of the consultation paper states the AFS licensee will need to determine if advisers are adequately trained and competent by determining whether they have been assessed by an authorized assessor. For an AFS Licensee to meet these requirements ASIC will need to provide guidance on how an AFS Licensee can identify whether a course has been assessed by an authorized assessor. We note some proposals have been made in this consultation paper.
B1Q2	Do you agree that we should retain an archived ASIC Training Register as a reference tool? If not, why not?	Yes, so licensees have a reference point to assess the qualifications attained by a Representative who attained their qualifications under Regime A as proposed in CP212. For this to be effective the ASIC Training Register should be updated to specifically list courses that are deemed compliant across the entire period of Regime A as proposed in CP212. The reason for this is some certificates that were issued and are currently being issued do not specify financial products the adviser is accredited for and whether they are accredited for general or personal advice. By having access to the archived ASIC Register there will hopefully be some consistency in the assessment process across different licensees.
B1Q3	Do you consider that the proposal to replace the ASIC Training Register with draft [CO14/XX] will impose additional costs on advisers, AFS licensees, training course providers or others? Please provide specific details.	It may present additional costs for training course providers as they may need to pay for their course to be assessed by the authorised assessor. If this happens then this will lead to increased course costs for advisers and licensees.
B1Q4	Do you consider that the proposal to replace the ASIC Training Register with [CO 14/XX] will result in benefits for consumers, training course providers or others? Please provide details.	We don't believe there will be any impact for consumers as they generally do not pay attention to the credentials held by the adviser. They rely on the licensee to assert that the adviser is accredited. The proposal to replace the ASIC Training Register with CO 14/XX will impact training providers as courses will be subject to a higher level of scrutiny when being assessed by the authorised assessor. For licensees and advisors, on the condition that the National Examination for advisors is implemented, the replacement of the ASIC Training Register with CO 14/XX will give licensees more flexibility in assessing what courses it deems adequate as the courses authorized under RG146 will not be the means by which the licensee determines if an advisor is qualified. If however, the National Examination is not implemented then it will be more difficult for a licensee to assess whether advisors hold the appropriate accreditation as there will be no reference point of what courses result in an advisor being RG146 accredited. AFS Licensees will need to rely on certificates issued by course providers and potentially written certification provided by an authorized assessor. This structure will only be as effective as the written certification provided by the authorized assessor.

Guidance on written certification

B2 proposal: ASIC propose to provide guidance in an updated RG 146 on our expectation that authorised assessor will provide written certification to students of their assessment of training courses against the training standards in RG 146.

ASIC Question		Response
B2Q1	Do you think that authorised assessors will provide this certification? If not, why not?	Provided that the written certification can be administered in an easy way then there should not be an issue with an authorized assessor providing the certification. If the certification process is burdensome and the authorized assessor is a person who is independent of the organization providing the training then chances are that the system will not operate efficiently due to timing and availability of authorized assessors.
B2Q2	What are other means by which AFS licensees could verify that training courses have been assessed by authorised assessors as meeting the training standards?	The certification by the authorized assessor should only be required if an AFS Licensee needs to rely on these courses to determine if the advisor is qualified (ie. The National Examination is not implemented). An efficient way to administer this could be to issue the authorized assessor with a stamp which they use to verify that a course is authorized for the purposes of RG146 and the certificate with the assessors stamp can be issued only if the student has successfully completed the relevant modules. The certificate must specify what financial products the student is RG146 accredited for and what level (ie. general or personal advice).
B2Q3	Do you consider that written certification will impose additional costs on AFS licensees, training course providers, advisers or consumers? If yes, please provide specific details on how this is calculated.	Most likely as a person will not take the responsibility of performing the duties of an authorized assessor without being compensated for it which will be recovered by course providers via the fees they charge students and licensees. The amount will be identifiable over time.
B2Q4	Do you consider that written certification will benefit AFS licensees, training course providers, advisers or consumers? Please provide details.	It depends on how much reliance is placed on the written certification. If National Examination implemented – the benefits are limited If no National Examination implemented – the written certification is essential

Recognition of foreign qualifications

B3 proposal: ASIC proposes to:

a) remove the recognition of foreign qualifications, with the exception of our mutual recognition of New Zealand advisers, from an updated RG 146; and
b) Revise its policy in RG 146 to acknowledge that advisers who hold a foreign qualification may apply for:
   i. recognition of prior learning in relation to Australian training courses for up 50% of the course requirements; and
   ii. an exemption that permits an adviser who holds a foreign qualification to undergo an individual assessment without necessarily holding the requisite five of the past eight years experience outlined in RG 146.

ASIC Question		Response
B3Q1	Do you agree with our proposal to remove the recognition of foreign qualifications from RG 146? If not, why not?	No, there is recognition within RG105 for Responsible Managers with foreign qualifications and rather than removing recognition for foreign qualifications, industry would be better served to use the principles applied in RG105. In particular we refer you to RG105.73 which makes reference to qualifications assessed as comparable by Australian Education International's National Office for Overseas Skills Recognition (AEI-NOOSR).
B3Q2	Do you agree with our proposed policy change on foreign qualifications in proposal B3(b) to permit advisers to apply for recognition of prior learning or for an exemption from the experience requirement? If not, why not?	No as any foreign qualifications held should be compared to AEI-NOOSR's relevant country education profile and deemed comparable if they are accepted. If ASIC insists on adopting its proposal then we agree with the proposal for advisors to apply for recognition of prior learning or an exemption from experience, however the percentage recognized should be based on the course completed.
B3Q3	Do you currently rely on the recognition of foreign qualifications in RG 146? If you are an AFS licensee, please provide details of the number of advisers who rely on this policy.	Not currently but have in the past as the Compliance Manager of another AFS licensee. It is not unusual for a global entity to have advisors that work in Australia servicing Australian residents with international qualifications which have been accepted and recognised.
B3Q4	Will training course providers provide recognition of prior learning in the manner proposed in proposal B3(b)(i)? Please provide details	This proposal relies on the assumption that all foreign qualifications are equivalent and hence 50% recognition for prior learning can be given. This may not be possible for some courses and hence the methodology used in RG105 provides a more structured approach.
B3Q5	Do you consider that this proposal will impose additional costs on AFS licensees, advisers or training course providers? Please provide details.	Yes due to the complexity involved in assessing what foreign qualifications are acceptable to be recognized as 50% of Australian course completion. Also additional costs will be incurred as a result of transitioning current advisors with foreign qualifications to comply with the revised RG146 unless exemptions are given.
B3Q6	Do you consider that this proposal will benefit consumers by improving the quality of advice provided? Please provide details.	Not necessarily as some qualifications in other jurisdictions are more onerous

Implementation

B4 proposal: ASIC proposes that draft [CO 14/XX] will commence in April 2014.

ASIC Question		Response
B4Q1	Do you agree with the proposed commencement date of April 2014? If not, why not?	Yes
B4Q2	Does the proposed commencement date provide enough time to provide written certification to students? Please provide details on the amount of time to implement the certification requirement.	We assume that the written certification to be provided to students would impact students completing courses post April 2014 in which case it should be ample time. The other governing factor would be whether regulators of authorised assessors and training providers will require such entities to be registered with a regulator in order to provide the requisite certification.