



SFE Bulletin No: 16/02
From: SFE Corporation Limited ABN 74 000 299 392
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FINANCIAL SERVICES REFORM - ASIC POLICY STATEMENT 146

Introduction

The Financial Services Reform Act (FSRA) will take effect on 11 March 2002. Participants of Sydney Futures Exchange Limited (the Exchange) have received information from the Exchange, in relation to changes the legislation will have for the operations of the Exchange, for Participants' futures activities and their dealings with the Exchange.

This bulletin proposes to address issues relating to training of financial product advisers, current competency assessment for experienced advisers by authorised assessors and registration as a Registered Representative. Participants are aware that since January 2001, the SFE Registered Representative Course and Examination, has been delivered by the Australian Financial Markets Association (AFMA), on the Exchange's behalf.

Training of Financial Product Advisers

The Australian Securities and Investments Commission (ASIC) issued, on 28 November 2001, **Policy Statement 146 "Licensing: Training of Financial Product Advisers"** (PS 146)¹. PS 146 identifies minimum training standards for individuals who provide financial product advice (personal advice and general advice) to **retail clients** (training standards). The training standards apply to a natural person who is an Australian financial services licensee (licensee) or a representative of a licensee, if they provide financial product advice to a retail client. In general, a financial product adviser will meet the training standards by satisfactorily completing training courses listed on the ASIC Training Register, relevant to their advisory activities. Experienced advisers can demonstrate their competence through individual assessment by an authorised assessor.

By **30 June 2002**, licensees (securities, interests in managed investments, derivatives entered into or acquired on a financial market, interests in public offer superannuation funds, debentures, stocks and bonds issued by a government) are required to demonstrate compliance with ASIC's requirements in that their authorised representatives:

¹ Participants are referred to ASIC's website www.asic.gov.au for details of PS 146, other relevant ASIC Policy Statements and the ASIC Training Register.

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- complete approved education and training course(s) which meets ASIC's requirements (identified in PS 146.43–70)
- are trained at an educational level appropriate to their activities and clients needs (Tier 1 level) (or are individually assessed)
- trained in programmes accredited by ASIC (PS 146.80-97)
- undertake continuing training to maintain and update the knowledge and skills needed for their activities (PS 146.103-117).

Approved Training

Financial product advisers will meet training standards by completing approved training courses relevant to their activities. These courses must be:

- assessed by an authorised assessor as meeting the relevant requirements for knowledge and skills (PS 146.49); and
- listed on the ASIC Training Register (PS 146.48)

Participants are advised that the SFE Registered Representatives Course/Examination has been assessed by an authorised assessor as meeting requirements for generic and specialist knowledge components and **has been listed on the ASIC Training Register**.

Participants should refer to the ASIC Training Register for details of relevant training courses which may have been previously undertaken by their financial product advisers or which may be undertaken prior to 30 June 2002.

Pre 1995 Training

Participants are advised that ASIC considers training courses, listed on the ASIC Training Register but undertaken before **1 January 1995** would need to be supplemented, particularly in areas of regulation, compliance and disclosure, unless documented evidence of continuing training can be produced. Participants are referred to PS 146 (PS 146.67-70) for full details of issues regarding pre 1995 training.

To assist Participants, the Exchange will provide upon request, documentary evidence of the date financial product advisers (current/former Registered Representatives) completed the SFE Registered Representative Course/Examination.

Individual Assessment

Eligible **experienced** financial product advisers (those with at least 5 years relevant experience over the immediate past 8 years in areas in which they advise) who do not have relevant qualifications, can meet training standards by being individually assessed by an authorised assessor. The ASIC Training Register identifies authorised assessors offering such services.

AFMA has advised the Exchange that, as a Registered Training Organisation, it will be offering individual assessment services (derivatives and securities) to experienced financial product advisers. For further information in this regard please contact:

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Participants may wish to refer to the ASIC Training Register for details of other authorised assessors offering individual assessment services.

Continuing Training

PS 146 discloses that licensees should implement policies and procedures to ensure that they and their financial product advisers undertake continuing training to maintain and update the knowledge and skills needed for their activities.

Participants may wish to refer to PS 146.103-116 for explanation of the requirements for continuing training.

Registration as a Registered Representative

Applications for approval as a Registered Representative, termination/transfer of registration as a Registered Representative, on behalf of directors, partners, employees and representatives of Exchange Participants, will continue to be processed by the Exchange, in accordance with General By-Law G.8 and current Exchange policy, for those Exchange Participants holding a futures brokers licence. The Exchange's Business Rules will be amended to reflect the obligations of Full Participants of the Exchange, who have acquired an Australian Financial Services Licence (AFS licence) after 11 March 2002.

As previously outlined in SFE Bulletin 116/01, upon an Associate Participant acquiring an AFS licence, (and its futures brokers licence having lapsed) it would not require Associate Participant status. Accordingly, it would resign as an Exchange Participant (unless it has made application for approval as a Full Participant) and the registration of its Registered Representatives would be terminated on the date of resignation.

Should Participants require clarification of issues with respect to registration as a Registered Representative, ongoing status as an Exchange Participant or confirmation of completion of the SFE Registered Representative Course(s) and or Examination(s), please do not hesitate to contact me on (02) 9256 0564 or jfletcher@sfe.com.au.



Jennifer Fletcher
Manager

Admissions & Access